

INSIDE IPERS

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Des Moines, Iowa

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How to Visit IPERS!

By Dave Cook

As you are probably aware, IPERS moved to a new building last August. The building IPERS purchased is located near the new Des Moines Register newspaper production facility. Our street address is 7401 Register Drive. IPERS is located north of Norwalk at the intersection of Army Post Road and Register Drive and is located just south of the Des Moines International Airport. You should continue to use our post office box in your communications to IPERS. Our mailing address is:

IPERS
PO Box 9117
Des Moines IA 50306-9117

All of the telephone numbers that you use to contact us will remain the same as will our fax numbers. You may also continue to send e-mail to the same e-mail address: info@ipers.state.ia.us



If you should desire or need to visit our offices, please use the directions below. Please be aware that road construction continues south and east of IPERS and may force revision of these directions at a later date.

Please note that the Iowa 65 bypass south of Des Moines is now open from Iowa 28 to the east so reaching IPERS from the east is much easier and convenient.

If arriving from north of Des Moines:

Take I-35 south until the intersection with I-80 and I-235. Go west on combined I-35 and I-80 and then continue south on I-35 past the western suburbs of Des Moines. Continue south of Des Moines and get off at the Army Post Road exit (Exit 68). Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

Disability Program for Special Service Members

By Dianne Dannen and Ann Zenk

With the 2000 legislative session behind us, we here at IPERS have begun implementing the enhancements and changes that were laid out before us.

Among the many benefits to our members is a long awaited disability plan. This plan provides benefits for IPERS Special Service members who have become disabled in the line of duty or suffer from a disability that does not allow them to perform their job duties.

Questions and Answers

Who does this program cover?

City Police (not under Chapter 411), Sheriffs and Deputies, Airport Safety Officers, Conservation Peace Officers, State Correctional Officers, DOT Weight Enforcement Officers, Nonvolunteer Firefighters (not under Chapter 411), Fire Prevention Inspector Peace Officers, Marshals and Airport Firefighters.

What is the process to apply?

Contact IPERS at 1-800-622-3849 x13281. An application will be mailed to you upon your request. IPERS may also provide an estimate of benefits.

What information does IPERS require in the application?

In order for an application to be considered complete, it will need to include all medical information from the physicians and hospitals that treated the member's injury/condition. IPERS does require that the member provide any reports filed with workers' compensation regarding the injury. IPERS will also request information regarding any application made for Social Security Disability.

What is the process after I send in my application?

Upon IPERS receiving a **completed** application, it will be reviewed. If it is determined by IPERS that the member may be disabled, the file will be forwarded to the Medical Board in Iowa City. Following a review of the file by the Medical Board, appointments may then be scheduled. IPERS will provide reimbursement for travel expenses and lodging, if necessary. A member will be seen by IPERS Medical Board physicians. Following the examinations, the Medical Board will make an initial determination. Upon IPERS receiving and reviewing the information from the Medical Board, IPERS will then make a determination as to whether the member **is** or **is not** disabled.

What is the time frame for a determination?

The anticipated time frame from the date that you send in your completed application until the date a determination is made will be approximately 70-90 days.

How is my monthly Special Service Disability benefit calculated?

There are two types of disability benefit options, **Ordinary** and **In-Service**.

A member would be awarded an Ordinary Disability benefit if it is determined that the member has become totally and permanently

IPERS' Investment Returns for Fiscal Year 2000

By Kathy Comito

For the fiscal year ended June 30, 2000, the IPERS Trust Fund earned an investment return of 13.05%. The Fund's investment portfolio market value ended the year at \$17.1 billion.

FY 2000 was a year when IPERS benefited from having a highly diversified investment portfolio. As those of you with personal investments know, this period was a difficult one in the stock and bond markets. In the IPERS portfolio, the weaker returns in U.S. stocks and global bonds were partially offset by outstanding performance in our private equity and international stock holdings.

	<i>One Year</i>	<i>Three Year</i>	<i>Five Year</i>	<i>Ten Year</i>
IPERS' Actual Returns	13.05%	14.78%	16.33%	12.65%
CPI + 3%	6.67%	5.43%	5.47%	5.86%
Actuarial Return Assumption	7.50%	7.50%	7.50%	7.50%
Median Return of Public Pension Fund Universe	9.44%	12.39%	14.72%	12.64%
IPERS Policy Return	9.88%	12.98%	14.37%	11.40%

Although IPERS' staff is very pleased with the Fund's returns, it is important to remember that IPERS is a defined benefit pension plan. Unlike defined contribution pension plans, where the investment returns directly determine the retirement benefit each member receives, IPERS' benefit levels are set by statute and are determined

The FY 2000 IPERS investment return exceeded by a considerable margin each of the Fund's *investment goals* to:

- Exceed the rate of inflation (CPI) by at least 3%.
- Exceed the 7.5% actuarially-assumed long-term investment return.
- Exceed the median risk-adjusted return of a universe of large public pension funds.
- Meet or exceed the Fund's "policy return," which is a passively-managed benchmark comprised of target asset allocations to, and appropriate indexes for, the asset classes in which IPERS invests.

The table below shows IPERS' actual investment returns for various time periods ended June 30, 2000, compared to several of the program's goals and benchmarks.

based on each member's wages, years of service, and age. However, when IPERS earns an investment return above our actuary's assumed 7.5% rate, additional funding is available for improving the System's funded status, enhancing benefits, reducing contribution rates, or some combination of these alternatives.

REEMPLOYMENT SURVEY

According to our most recent data, almost 5,500 of IPERS' 67,901 retirees are currently working once again for public employers in Iowa, most of them in a part-time capacity. We are considering adding a service for current and future retirees, as well as for IPERS' covered public employers, that would: a) allow retirees to "post" their availability, qualifications and interests for reemployment following retirement; and b) allow employers to "post" job openings. Our intent would be to allow both retirees and employers to "surf" the listings in order to match up retirees with available positions. Before we proceed further, we would welcome your input and interest.

Please help us by taking a moment to answer the following brief questions. Please go to our web site www.state.ia.us/ipers and fill out the survey form there. If you do not have access to the Internet, please clip and mail this form with your answers to: Greg Cusack; IPERS; 7401 Register Drive; PO Box 9117; Des Moines, Iowa 50306-9117. Or you may e-mail them to me at: Greg.Cusack@idop.state.ia.us. We would appreciate hearing from you by the end of April 2001.

Would you be potentially interested in such a service?
Yes___ No___

If so, what kind of assistance would be of greatest use to you? (Please check all that apply.)

Information on job openings? ___ Assistance in applying for, or pursuing, openings of interest? ___ Career (or career-change) counseling? ___ Resume writing? ___

How would the "posting" or providing of this information and assistance be of greatest use to you? For internet postings and information use "a"; for telephone accessible postings and information use "b"; for written material (such as quarterly publications), use "c"; for face-to-face counseling sessions, use "d."

Information on job openings ___ Assistance in applying for, or pursuing, openings of interest ___ Career (or career-change) counseling ___ Resume writing ___

How long before you anticipate retiring? Years _____

Currently, are you employed by:

An education-related employer? ___ A county? ___
A city? ___ The State? ___ Another public employer? ___

Are you considering going back to work following retirement?
Yes___ No___

For a public ___ or private ___ employer?
For full-time ___ or part-time ___ work?

Do you have convenient access to the Internet? Yes___ No___
If "yes," through a home computer ___ or elsewhere ___?

Do you have any advice or requests as we consider pursuing this idea further? If so, please take a moment to tell us.

Disability Program for Special Service Members Continued from page 1

incapacitated for duty in the member's special service occupation. The injury would have occurred outside the performance of one's job duties.

A member would be awarded an In-Service Disability benefit if it is determined that the member has become totally and permanently incapacitated for duty in the member's special service occupation as the natural and proximate result of an injury, disease or exposure occurring or aggravated in the actual performance of one's job duties at some definite time and place. Disease means heart disease or any disease of the lungs or respiratory tract and may be presumed to have been contracted while on active duty as the result of strain, exposure or the inhalation of noxious fumes, poisons or gases.

Monthly benefits will be calculated using the member's high three-year average covered wage. An Ordinary Monthly Disability benefit will provide one-twelfth of 50% of the three-year average. The In-Service Monthly Disability benefit will provide one-twelfth of 60% of the three-year average.

Are there tax benefits for members who have become disabled?

If a member is awarded an In-Service Disability benefit, this monthly benefit may be tax-free. The Ordinary Disability benefit will be taxed the same as regular benefits.

IPERS Pays You Dividends

By David Martin

Iowa's workforce is becoming older, the baby boomer generation is approaching retirement age, and retirees are living longer in retirement than ever before. These demographic realities are already placing a tremendous burden on both individual savings and governmental services. With the projected demographic shifts, it is estimated that the number of IPERS retirees will balloon from 67,000 in the year 2000 to well over 120,000 in as little as fifteen years. Annual benefit payrolls from IPERS will more than double and will likely exceed \$1 billion a year with the vast majority being paid to Iowans!!!

As Iowa's senior population grows, more citizens will be increasingly concerned with the erosion of purchasing power from the effects of inflation. Even low inflation rates can have a devastating impact to Iowa's elderly living on fixed incomes. Many retirement savings vehicles such as IRAs, 401(k)s, or defined contribution (DC) plans place the burden on the individual to adequately provide for inflation protection during the golden years. This is especially difficult during volatile markets, as many retirees have discovered this past year. Defined benefit (DB) plans, like IPERS, help members "ride out" fluctuating markets thereby improving pension security throughout a person's retirement years.

In 1998, bipartisan support from the Iowa Legislature and Governor endorsed IPERS' recommendation by passing a law instructing IPERS to earmark monies for the sole purpose of providing inflation protection for current and future retirees of the System. **This valuable benefit has been funded so far largely through "favorable investment experience" and will not require increased contributions from you or your employer!**

The law requires the additional monies, called Favorable Experience Dividend (FED) payments, to be issued in a lump sum each January, if the Trust fund has sufficient monies available. At June 30, 2000, IPERS had already reserved funds in excess of \$550 million and is striving to build reserves sufficient to fund ten years worth of future FED payments. Why ten years? As mentioned, the FED account has been funded to date largely through positive investment returns. IPERS officials believe it is prudent to have sufficient reserves on hand so FED payments can continue to be made to retirees during sustained bear markets. Since the first FED payment to retirees in January 1999, IPERS has paid more than \$77 million in FED payments.

How does the FED work? Assume you have earned a lifetime yearly pension of \$23,850. After you have been retired one full year, in addition to your guaranteed lifetime benefit, IPERS may issue annual FED payments each January to combat the effects of inflation. If you live until age 85, those dividends could total an extra \$197,000 in additional pension benefits! In other words your total pension pay-out from IPERS for that period could exceed \$769,000!!!

Important FED considerations

1. Individuals must be retired for one full calendar year before becoming eligible for FED payments.
2. The illustration above used a FED rate of 3%, which is the maximum allowed by law. In years when the consumer price index is less than 3%, the dividend will also likely be less than 3%.
3. **FED payments are not guaranteed.**
 - a. A prolonged bear market, lasting many years, could affect IPERS' ability to pay future dividends.
 - b. Major, unexpected changes in the IPERS membership's characteristics or patterns of retirement could increase the System's liabilities to the point that dividend payments would cease.

- c. Changes to plan design such as a conversion to a defined contribution plan or other fundamental plan changes could reduce or eliminate IPERS ability to fund the FED program. IPERS does not have the authority to raise contribution rates to pay future FED payments.
4. Beneficiaries of members receiving monthly annuity payments from IPERS are also eligible for FED payments.
5. Individuals should still save monies in self-directed accounts! IPERS strongly encourages members to take advantage of any employer-sponsored savings programs such as 403(b)s, 457s (tax-sheltered annuities and deferred compensation programs) as well as IRAs. The tax savings alone can be substantial.

The FED formula is as follows:

$$Base\ Pension \times Calendar\ Years\ Retired \times FED\ Rate = Favorable\ Experience\ Dividend\ (FED)$$

Below is a benefit schedule using the example above to illustrate this valuable feature.

Age	Yearly Pension	Years Retired as of January Dividend Date	Maximum FED Rate	Yearly Dividend
62	\$ 23,850.00	0		0.00
63	\$ 23,850.00	1	3%	715.50
64	\$ 23,850.00	2	3%	1,431.00
65	\$ 23,850.00	3	3%	2,146.50
66	\$ 23,850.00	4	3%	2,862.00
67	\$ 23,850.00	5	3%	3,577.50
68	\$ 23,850.00	6	3%	4,293.00
69	\$ 23,850.00	7	3%	5,008.50
70	\$ 23,850.00	8	3%	5,724.00
71	\$ 23,850.00	9	3%	6,439.50
72	\$ 23,850.00	10	3%	7,155.00
73	\$ 23,850.00	11	3%	7,870.50
74	\$ 23,850.00	12	3%	8,586.00
75	\$ 23,850.00	13	3%	9,301.50
76	\$ 23,850.00	14	3%	10,017.00
77	\$ 23,850.00	15	3%	10,732.50
78	\$ 23,850.00	16	3%	11,448.00
79	\$ 23,850.00	17	3%	12,163.50
80	\$ 23,850.00	18	3%	12,879.00
81	\$ 23,850.00	19	3%	13,594.50
82	\$ 23,850.00	20	3%	14,310.00
83	\$ 23,850.00	21	3%	15,025.50
84	\$ 23,850.00	22	3%	15,741.00
85	\$ 23,850.00	23	3%	16,456.50
Total	\$572,400.00			\$197,478.00

Refund News to Use

By Theresa Hunt

If you are considering taking a refund of your investment, this could be important news to use.

Due to a recent law change, IPERS will process lump sum refund claims more rapidly upon termination of IPERS covered employment. There is no longer a 30-day waiting period.

If you terminate covered employment, you will have three choices in regard to your IPERS account. You may:

1. Take a refund immediately. You can receive a lump sum payment of your investment and, if vested, receive a portion of your employer's investment.

To receive a lump sum payment, you must submit an application and remain out of employment with an IPERS covered employer for four months after your refund is issued. Applications can be obtained by calling IPERS. **Generally, refund payments are issued within a few days after we receive your completed application.**

2. Delay making a decision. You may wish to leave your account with IPERS until a later date. Your account will continue to receive interest until a refund or a monthly benefit is issued.

3. Leave your account until retirement age. If you are a vested member, you may wish to leave your account with IPERS until you reach retirement age so you can begin receiving lifetime monthly benefits.

In order to be eligible for retirement benefits, you must be at least age 55, or be receiving disability benefits under the Social Security Act or Railroad Retirement Act, or qualify for special service disability retirement. If you do not file as soon as you are eligible, you may be eligible for up to six months of retroactive retirement benefits.

For many members, the decision to leave your account until retirement age benefits you more because IPERS can protect you with valuable disability benefits and provide your designated beneficiary with preretirement death benefits. When you do begin retirement benefits, IPERS guarantees lifetime income. Once receiving monthly benefits, IPERS has a program in place to provide periodic payments to soften the negative effects of inflation.

This change will enable our members to receive their refund more rapidly, once our office has received a **completed** application.

Fair Credit Reporting Act - News You Can Use

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or cannot be verified, you have the right to have such information removed from your file.

- * To have the CRA notify those you name (at no cost to you) who have received incorrect or incomplete information, that this data has been deleted from your file.
- * Not to have adverse information reported after seven (7) years, except bankruptcy, which is reportable for 10 years.
- * To have a Consumer Report kept private except under a court order or subpoena, with the consent of the consumer, or released to a person who the CRA has reason to believe has a legitimate business need for the information.
- * To sue a CRA for damages if the agency willfully or negligently violates the law; and, if you are successful, to collect all legal fees.

Pay Me Now or Pay Me Later?

By Kelly Lovell

IPERS members who land a new job outside of IPERS coverage have an important decision to make. That decision is "What should I do about my IPERS account"? It is all too tempting to request a cash refund, because of the immediate usefulness of a cash distribution. However, IPERS strongly encourages members, particularly those with substantial years of service, to confer with an IPERS representative before requesting a cash refund, which is irrevocable once paid. Members are reminded that an IPERS monthly retirement allowance is guaranteed—it does not depend on the investment performance of the underlying assets. In addition, members who have been retired for at least one full year are eligible for an annual cost of living payment. Although the cost of living payment is not guaranteed, IPERS expects that in most years the reserve account established for such payments will permit such payments. In addition, death benefits are payable under many of the available IPERS retirement options. All of these beneficial features are forfeited once a refund is paid.

Nonetheless, if you take the cash refund, you still should be careful to preserve as much of the refund as possible for retirement. Even if you do not have immediate plans to spend the cash, you can be hit with a 10% federal early distribution tax penalty, as well as federal and state income taxes if you do not make a timely transfer to an eligible retirement vehicle. This type of transfer is referred to as a "roll over." To some extent, your roll over options will depend on whether your new employer is public or private, and on the employer's decisions as to the retirement plans the employer wishes to offer. Basically, your choice will be between making a roll over to an individual retirement account or annuity (IRA), or to an employer-sponsored pension plan (if any).

The taxable part of your IPERS refund can always be rolled over to an IRA. There are some advantages to this approach, because you generally retain more control over how the funds should be invested, and the maximum access (still subject to tax penalties) if a withdrawal is needed. If you do decide to open an IRA, it is generally a good idea to open a new IRA rather than using an existing one. That way, you can transfer the funds to another qualified plan at a future date, if that option becomes available.

Employer plans come in several varieties. They can be defined benefit plans, like IPERS, or defined contribution plans. Generally a defined benefit plan provides a benefit based on a plan formula that does not depend on investment performance. Defined contribution plans generally provide participants with individual accounts and benefits that entirely depend on investment performance. In the private sector, the most prevalent defined contribution plan is the 401(k) plan. Only a very limited number of public employers can have a 401(k) plan. Instead, most public employers sponsor similar plans called 457 plans (sometimes referred to as deferred compensation plans) and 403(b) plans (sometimes referred to as tax sheltered annuities). Unfortunately, although an IPERS refund can be rolled over to any IRA, and to most section 401(a) defined contribution plans (which includes 401(k) plans), it **cannot** currently be rolled over to 457 plans or 403(b) annuities. In addition, there are significant restrictions placed on rollovers to other defined benefit plans. Currently pending federal legislation would greatly improve the ability to roll over IPERS refunds to other retirement plans. Unfortunately, it will take time to determine how the recent elections will affect this legislation.

These are difficult decisions. Please do not just take your money and run. You should carefully investigate all your options **before** taking an IPERS refund. Although IPERS staff cannot act as your tax adviser, they can provide valuable information about IPERS' benefits and the laws affecting IPERS benefits distributions.

IPERS' Demographics - Year 2000

By Greg Cusack

Overview of Total Membership: 317,802

Actives:	154,612 (48.7%)
Retired:	66,681 (21%)
Retired/Reemployed:	5,487 (1.7%)
Inactive Vested:	30,650 (9.6%)
Inactive, Nonvested:	60,372 (19%)

There has been a seven percent growth in IPERS' active population in recent years, from approximately 144,000 six years ago to the present 154,612. Over ninety-six percent (96.5%) of our members are in "regular" service, while 3.5% are in "special class" service (public safety positions).

The number of retirees, however, continues to show a steady increase - 4% in FY 00 - as it has for the past dozen years. As the post World War II "baby boom" generation enters retirement, beginning in 2007, we anticipate this rate to significantly pick up through at least 2012. In fact, our actuary estimates that our total retiree population will double within the next 12-15 years!

The number of retired, reemployed persons increased 10% over the past year, but continues to represent less than 2% of all of our members. The number of inactive vested members continues to be significant. The proportion of female to male public employees appears to be static, with the over-all active population in a roughly 58%-42% female-male ratio.

Overview of Active Members

By Age: Eighty-two percent (82%) of all active members are below the earliest possible retirement age of 55. Only thirty-one percent (31%) are under age 40, however. Thirty-three percent (33%) are between the ages of 40 and 49, and seventeen percent (17%) are in the crucial pre-retirement years of 50-55. In the last year, this profile has changed little. An additional 1% has been added to the under age 40 and the same percentage gain is seen for those aged 50-55.

Eighteen percent (18%) are eligible for retirement because of their age, but are still working. Ten percent (10%) are between 55 and 59 years of age, another six percent (5.7%) between 60 and 65, and only two percent (2%) older than 65. These percentages reflect the reality of the baby boomer generation nearing retirement age (as well as the smaller demographic group which immediately follows them), and pose challenges for both retirement and workforce planning.

By Employer Group: Although IPERS covers a total of 2,386 public employers throughout Iowa, little has changed in recent years in the proportion of employees who work for our major employer groupings. Half of our entire system consists of school employees, while counties edge the state as the second largest type of employer. State government remains the largest single employer.

Schools:	73,613	49%
Counties:	25,096	16%
State:	24,874	16%
Cities:	21,416	14%
Other:	7,837	5%

By Occupation Class: The overwhelming number of IPERS' active members (149,044 - 96.4%) are in regular service, that is, in occupations other than those of public safety. Of these, fully 76,216 are in education, 72,644 work for state, county, or city governments, and 124 are legislators.

Of the 3.6% who are in special service categories (public safety jobs), 2,439 work for the State as correctional officers, Department of Transportation as weight officers (119), or Department of Natural Resources as conservation police officers (118). Another 1,484 work for the counties as sheriffs and deputy sheriffs. Lastly, a total of 1,395 work for city government in police and fire positions. IPERS also covers a total of 59 airport firefighters and airport safety officers.

Profile of All Retirees

At the end of FY 99, IPERS had 66,681 retirees, whose average benefit was \$652 per month (\$7,624 annually), and who had 20.85 years of service at the time of retirement. Forty-eight percent (48%) of those retired are former school employees, while 19% worked for the state, 16% for counties, 13% for cities, and 3.5% for other employers. Most (76%) are relatively recent retirees, having been retired for 15 years or less. A full 38% are 75 years of age or older. The ratio of females to males is 61% to 39%. The oldest retirees are overwhelmingly women. Fifty-four percent (54%) of our retirees have retired since June of 1990, and fully 46% of this number since June of 1996 (25% of all retirees)! As a group, they average 21.7 years of service at the time of their retirement, the longest of any of our *dividend/FED* groups.

By Average Benefit: The retirees are almost evenly split - 53% to 47% - between those earning less than \$500 per month in retirement from IPERS and those earning \$500 or more. However, while over one-fifth of IPERS' retirees receive more than \$1,000 per month, a large minority - 19% - still receives less than \$200. While not the definitive reason behind the great variance among benefits received, the years of service a member has when beginning retirement is, nonetheless, one of the key reasons why some retirees receive so much more in retirement than do others. Other important factors include average of highest wage years used in the formula, the actual formula used at retirement, and, of course, how long ago a person retired. There is no discounting, either, the fact that women historically, and on the average, received a lesser salary than do men. Hence their eventual pensions will be - on the average - also lower.

Benefit Amount	Number	%	Average Benefit	Annual	Average Yrs. Serv.
<\$200	12,717	19%	\$ 100	\$ 1,200	8.56
\$200-499	22,811	35%	\$ 332	\$ 3,984	16.92
\$500-699	8,221	12%	\$ 588	\$ 7,056	24.26
\$700-999	8,442	13%	\$ 848	\$10,176	27.55
>\$1,000	14,490	22%	\$1,565	\$18,780	31.98

Disability Program for Special Service Members Continued from page 2

What if I am receiving other monthly benefits due to my disability?

If a member has been awarded a monthly benefit from Social Security Disability, Workers' Compensation, or Unemployment Compensation, such amounts will be calculated as offsets.

$$\text{Monthly Allowance} - \text{offset} = \text{Gross Monthly Benefit}$$

If a member has been awarded a lump sum payment from Social Security Disability, Workers' Compensation or Unemployment, this amount will be provided to our actuary. This lump sum would be converted to a monthly figure and used as an offset to the monthly allowance.

What if I want to work?

If a member has been awarded IPERS Special Service Disability benefits and returns to an employer covered by IPERS, such benefits will cease immediately. If a member begins employment with a non-IPERS covered employer, such income may become an offset to the monthly allowance.

How will IPERS verify my income?

IPERS requires that the member provide a copy of state and federal Income Tax Returns, including all supporting schedules by June 30 of each calendar year. If a member fails to provide such information, IPERS may suspend the benefits of the member.

There are approximately 5,300 members employed in Special Service Occupations within the IPERS system. We encourage anyone with questions regarding this new disability program to contact IPERS at 1-800-622-3849 x13281. It is important that all members have an educated understanding of the benefits and programs that are provided for them.

Volatile Markets Making You Jittery?

By Greg Cusack

If you follow the financial news at all, you know that markets during the past calendar year have been anything but stable. Chances are, you are among the millions of Americans who have money invested in the stock and bond markets, either directly or through various mutual funds. The last dozen years have lulled many into believing that the markets could only move one direction - up! Yet, many professional money managers are forecasting that the next ten years are more likely to see a "return to the mean" in the markets.

Should this prove to be the case, especially as we have had one of the greatest "run-ups" in the equity markets ever, this means that average annual returns from stocks will be in the 8%-11% range (the historical norm), rather than the 15%-25% returns which investors have enjoyed in more recent years.

Whether you are already retired, or still years from retirement, such volatility should cause you no anxiety whatsoever regarding your IPERS' benefits! This is because our benefits are determined by a formula, which the Fund is pledged to pay you for your lifetime following your termination and retirement from public employment.

As the average IPERS' member retires with 20-21 years of service, the level of this guaranteed benefit is going to be 40% or 42% of the retiring member's highest average three years of public wages, rather than the maximum 65% for persons who work 35 or more years. While this level, coupled with a monthly payment from the federal Social Security program, will allow the average IPERS' member through retirement to receive 60% to 75% of his or her preretirement income, we join with our member employers in strongly encouraging our members to participate in employer sponsored supplemental retirement savings vehicles, such as tax-sheltered annuities or deferred compensation programs.

Unlike many persons in the private world whose only source of retirement income rises or falls with market returns, IPERS' members

Cost of Living Adjustments for Retirees

By Greg Cusack

IPERS made record-setting *cost of living adjustment* payments totaling \$65,209,647 to 64,827 retirees in November 2000 and January 2001. This is up significantly from the approximately \$34.5 million paid one year ago (in November 1999 and January 2000). The adjustment reflects our actuary's report to us that the cost of living index for the previous year slightly exceeded 3%. In accordance with legislation passed during the 2000 legislative session allowing IPERS to pay 100% of the cost of living index for the previous year (not to exceed, in any case, 3%), our actuary certified that IPERS' financial health allowed us to make these payments.

The November Dividend Payment

Beginning in the 1980s, the Legislature directed that IPERS commence making special *ad hoc dividend* payments to those who had been retired the longest. Over the years four distinct *dividend* groups were established. All who had begun benefits before July 1990 now receive this dividend, which IPERS is authorized to calculate and increase annually. These payments are made each November.

The January Dividend Payment

In 1998 the General Assembly created a new *Favorable Experience Dividend (FED)* program to be paid to all persons, retired at least one full year, whose first month of entitlement to IPERS' benefits was July 1990 or later. These payments are made each January and the 2001 payments are our third under this new program. (See page 3 for more information on the January Dividend Payment.)

can choose to participate in the markets (through IRAs and employer sponsored supplemental programs) in a much more aggressive way, because the core of their retirement income - IPERS and Social Security - are untouched by market volatility.

IPERS Retirement Planning Sessions Available

IPERS will be holding the following group presentations as well as individual retirement planning sessions throughout Iowa over the next three months. Group presentations provide a general overview of the IPERS plan along with answers to general inquiries from members. Individual sessions provide members with their projected retirement benefits as well as other plan provisions. These sessions fill quickly. Those interested in individual counseling sessions should call IPERS at 1-800-622-3849 to reserve an appointment time. Locations and times are listed below:

LOCATION	GROUP SESSION	INDIVIDUAL APPTS
Cedar Falls AEA 7	April 2, 2001 at 7:00pm	April 3, 4, & 5, 2001
Davenport Scott County Courthouse	No Group Presentation	April 16, 17, 18, & 19, 2001
Elkader Elkader/Keystone AEA	No Group Presentation	April 30, May 1, & 2, 2001
Independence Mental Health Institute	No Group Presentation	May 2, 3, & 4, 2001
Fairfield Fairfield City Hall Council Chambers	May 14, 2001 at 6:30pm	May 14 & 15, 2001
Mt. Pleasant Henry County Hospital	May 16, 2001 at 6:30pm	May 16 & 17, 2001
Burlington City Hill - Council Chambers	June 5, 2001 at 6:30pm	June 4, 5, 6, & 7, 2001
Dubuque Dubuque Comm. School Admin. Office	June 18, 2001 at 7:00pm	June 18, 19, 20, & 21, 2001

How to Visit IPERS!

Continued from page 1

If arriving from south of Des Moines:

Take I-35 north until the intersection with Iowa 5 exit. Take Iowa 5 east to Iowa 28 (as noted earlier). This will be Exit 68. Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

If arriving from the west:

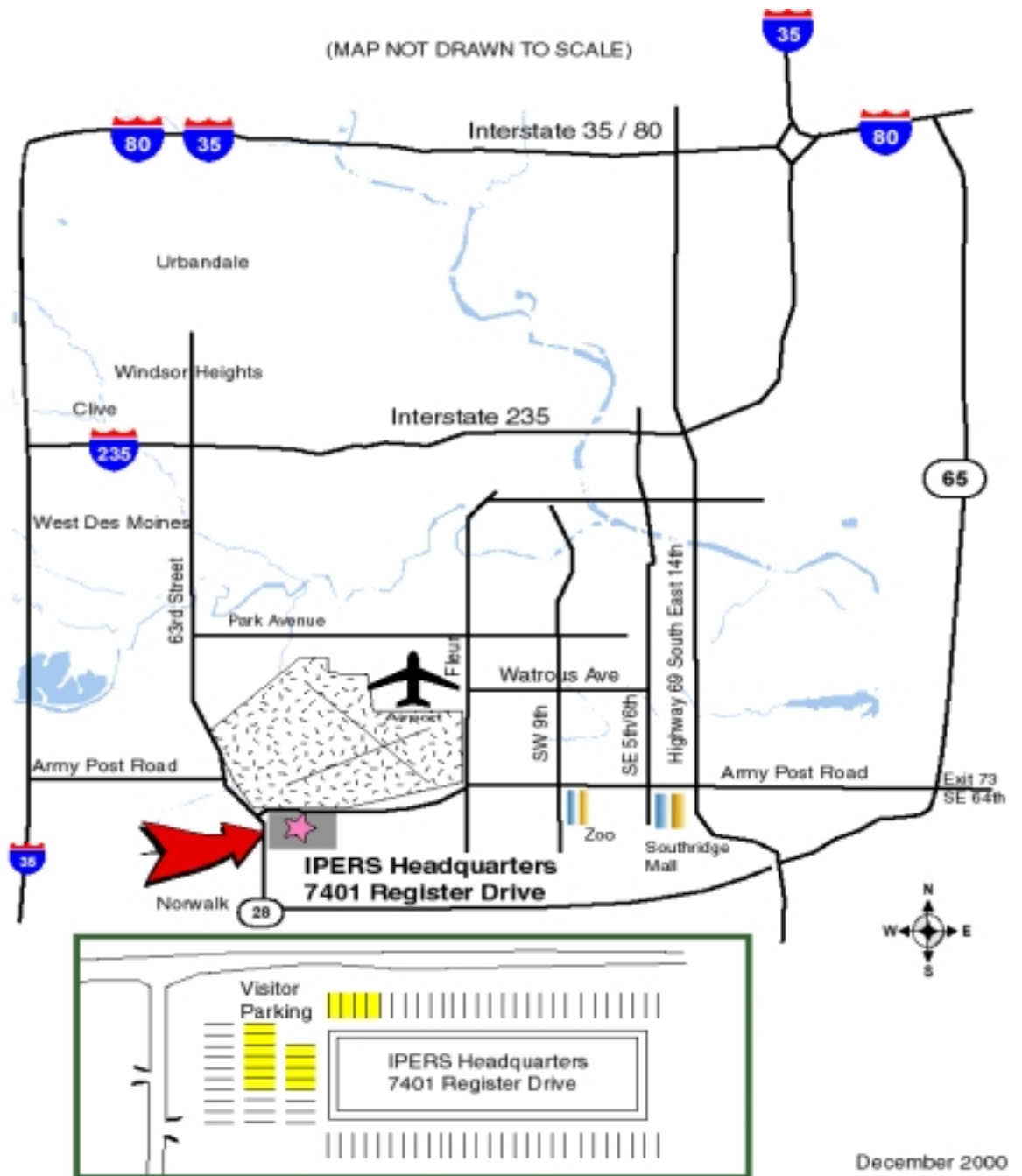
Take I-80 east until the intersection with I-35. Take I-35 south and continue south of Des Moines until the Iowa 5 (Army Post Road) exit (as noted earlier). This will be Exit 68. Continue on Army Post Road until you come to the intersection of Army Post Road and Iowa 28. Turn right at the stop light and continue on south approximately 1-1/2 miles. Turn east (left) at the Army Post Road intersection stoplights and travel approximately 1/4 mile from the Iowa 28 intersection. You will see the Des Moines Register production facility at the next stoplight. The IPERS building is just to the east on Register Drive. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

If arriving from the east:

There are two routes to get to the IPERS building:

- 1) Take I-80 west until the intersection of I-35, continue west on the combined I-80 and I-35 route and follow the description as provided above as if arriving from the north; or
- 2) Take I-80 until the intersection of US 65 and then take US 65 south until the Iowa 5 intersection (this will be a fairly seamless transition). Just continue west on the four-lane until the intersection of Iowa 28. The new four-lane bypass ends at Iowa 28 just south of the IPERS and Des Moines Register buildings (Exit 99). From the off ramp, take Iowa 28 north (to the right) for just a few hundred feet to the Army Post Road intersection. Go east (right) up the hill and Register Drive is just a few hundred feet east past the next set of stoplights. Register Drive will be the first road to the south (without a stoplight) after these stoplights and is just over the crest of the hill. There is a turn lane after the crest of the hill.

We look forward to seeing you at our new building!



Fair Credit Reporting Act - News You Can Use

By Gregg Schochenmaier

I. Fair Credit Reporting

If you have a charge account, a mortgage, a life insurance policy, or have applied for a loan or a job, it is almost certain that a "file" exists showing how promptly you pay your bills. If you have filed for bankruptcy, there will certainly be a file. Such information will be collected into a "Consumer Report," which includes your personal financial information.

The Fair Credit Reporting Act (FCRA or Act) is designed to protect consumers against the circulation of inaccurate or obsolete information by a company that gathers and sells such information on a nationwide basis, known as a credit reporting agency (CRA). Under this Act, you can take steps to protect yourself if you have been denied credit, insurance, employment, or if you believe you have had difficulties because of an inaccurate or unfair Consumer Report.

II. You Have the Right...

As a consumer, under the Act you have the right:

- * To be told the name, address and toll-free telephone number of the CRA responsible for preparing a Consumer Report that was used to deny you credit, insurance, or employment (additional special rules apply for employment only), or to increase the cost of credit or insurance.
- * To obtain a FREE copy of any Credit Report used in any adverse action, including to deny you credit, insurance, or employment, if a request is made within 30 days of the denial (a reasonable fee may be charged otherwise).
- * To be told by a CRA the nature, substance, and sources (except investigative-type sources) of information (except medical) collected about you.
- * To take anyone of your choice with you when you visit a CRA to check your file.
- * To be told who has received a Consumer Report on you within the preceding six months (two years if for employment purposes).
- * To have incomplete or incorrect information reinvestigated unless the CRA has reasonable grounds to believe the dispute is frivolous or irrelevant. If the information is investigated and found to be inaccurate

Reminders:

☞ Beneficiary designations filed July 1, 2000 or later will require a spouse's signature, **if the member is married**. It is extremely important that you keep your beneficiary designation current. If you need to change your designation, contact our office for a new form or download one off our web page. IPERS requires **original signatures**; we cannot accept faxed copies or photocopies.

☞ All IPERS members may call 1-800-622-3849 or 515-281-0020 for individual appointments when in Des Moines. When IPERS representatives are scheduled to be in an area near you, please call our office and schedule your appointment. Reservations are limited, so be sure to call in advance for an appointment so that we will have time to review your file and prepare your individual retirement estimates. When calling, please have the following information available:

- * Your Social Security Number.
- * Your date of birth.
- * Your salary.
- * Your anticipated retirement date.
- * Your spouse's date of birth (if applicable).

☞ Member handbooks "*Retirement Planning Guidelines*" were mailed in February to IPERS members. The handbook can also be accessed on our web site at: www.state.ia.us/ipers.

☞ Meetings will be held at IPERS on March 29, 2001 from 10:00 - 11:30 AM and 3:00 - 4:30 PM, and April 26, 2001 from 10:00 - 11:00 AM and 3:00 - 4:00 PM to solicit comments and recommendations regarding the IPERS administrative rules. These comments and recommendations are being requested in response to Governor Vilsack's Executive Order No. 8 which directs all state agencies to undertake a rules review process that includes input from all the interested parties. Comments and recommendations for deletions, revisions, or new rules may also be submitted to IPERS in writing in care of the Administrative Rules Coordinator, at IPERS' regular mailing address.

Bona Fide Retirement

Effective July 1, 2000, in order to establish a bona fide retirement, a member must sever all service with covered employers, including noncovered service. In addition, a member cannot work for a covered employer for one month, and then must stay out of covered employment for three additional months. The qualification period begins with the member's first month of entitlement for retirement benefits as approved by IPERS. **A member may not return to covered employment before filing a completed application for benefits.** See the Bona Fide Retirement Calculator below.

Effective July 1, 2000, part-time elected officials may retain their office without violation of the bona fide retirement rules if the employee notifies IPERS in writing of their intent to retire and terminate all other covered employment. The elected official must have a bona fide termination of all other employment covered under this chapter other than as an elected official.

This requirement does not apply to members who are age 70 and older or to members who are elected to public office unless reelected to the same position.

If a member violates these provisions, the member's application will be canceled and the member will be required to repay all funds received to date plus interest.

BONA FIDE RETIREMENT CALCULATOR BETWEEN AGES 55 AND 70			
Effective July 1, 2000			
First Month Of Entitlement	Employment With A Covered Employer In A Noncovered Position Can Begin	Employment With A Covered Employer In A Covered Position Can Begin	Employment With A Noncovered Employer Can Begin
January	February	May	No Restrictions
February	March	June	No Restrictions
March	April	July	No Restrictions
April	May	August	No Restrictions
May	June	September	No Restrictions
June	July	October	No Restrictions
July	August	November	No Restrictions
August	September	December	No Restrictions
September	October	January	No Restrictions
October	November	February	No Restrictions
November	December	March	No Restrictions
December	January	April	No Restrictions
Note: Elected officials can begin benefits without resigning their elected office. The retirement will terminate their IPERS coverage for the elected position.			

Iowa Public Employees' Retirement System
 7401 Register Drive
 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

Spring 2001
 Inside IPERS
 A Newsletter for the
 Active Members of IPERS

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 US POSTAGE PAID
 DES MOINES IA
 PERMIT NO. 1195