



2017 – 2022  
STRATEGIC PLAN

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O V E R V I E W

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

7401 REGISTER DRIVE  
DES MOINES, IOWA

# MISSION

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

# VISION

IPERS is a sustainable and affordable retirement plan that is valued by all Iowans and provides members with secure income, supports self-sufficiency in retirement, and contributes to local economies.

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## CORE VALUES

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- Members and public employers are the reason we exist and providing them with the most efficient and effective services is our primary responsibility.
- Protection of member benefits and services are fundamental to IPERS' operations.
- Independent responsible management of the Trust Fund for the exclusive benefit of our members and beneficiaries is our most important fiduciary responsibility and must not be compromised for political or operational expediency.
- Honesty and integrity shall prevail in our dealings with members, other stakeholders, and with our colleagues.
- Mutual respect guides our deliberations, and we are committed to follow the highest standards of professional conduct.
- Accountability is fundamental to trust, and we stand behind our actions and their results.

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## STRATEGIC GOALS

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- *Develop governance structure to safeguard IPERS' Trust Fund for the exclusive benefit of the members and beneficiaries.*
- *Attain full funding to secure IPERS' financial stability and long-term viability.*
- *Support plan provisions and related programs that provide secure, lifetime retirement benefits.*
- *Provide high-quality, low-cost services to members and employers.*

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## GOVERNANCE

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*Develop governance structure to safeguard IPERS' Trust Fund for the exclusive benefit of the members and beneficiaries.*

- *Establish IPERS as an independent agency with an empowered Board of Trustees.*
- *Obtain waivers or modifications to unfunded state mandates that add cost or interfere with the exclusive benefit rule.*

### Assessment

#### **Plan Sponsor**

The legislature and governor are the plan sponsors who determine membership in IPERS and establish the benefits provided to members. Through the administrative rules review process, the legislature also has oversight of member and employer contributions to the System. The plan sponsor has adopted the prudent person standard for guidance in investments, but has diverged from that standard through specific legislated divestment policies. Obtain waivers or exemptions to unfunded state mandates that add cost or interfere with the legal duty to use the Trust Fund for the exclusive benefit of the members.

#### **Boards**

IPERS does not have a Board of Trustees with authority over all IPERS responsibilities. The Benefits Advisory Committee (BAC), which includes member and employer representatives, addresses benefits and functions in an advisory role only. The IPERS Investment Board has policymaking authority over the investments and actuarial areas but does not engage in discussion of retirement benefits.

An independent agency governed by an empowered, unified Board of Trustees would have fiduciary responsibility over operations and administration to ensure the protection of the Trust Fund for the exclusive benefit of the members and beneficiaries. An independent IPERS would have the flexibility to operate like a business, with the Board making budgetary, personnel, and strategic decisions in the best interest of the members. Establishment of an independent IPERS would require legislative enactment.

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## FUNDING

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*Attain full funding to secure IPERS' financial stability and long-term viability.*

- *Develop contribution policies and plan provisions that fully fund secure retirement benefits.*
- *Achieve optimal risk-adjusted investment returns.*
- *Implement internal investment management of select assets to save the Trust Fund millions of dollars in fees.*

### Assessment

#### **Funding Sources**

Full funding is achieved by collecting the required contributions that, when combined with investment income, pays administrative expenses and all promised benefits. IPERS is charged with setting contribution rates for all membership groups, with a statutory limitation on the rate adjustment for Regular members. IPERS' Investment Board established a Contribution Rate Funding Policy setting contribution rates to cover liabilities earned today (normal cost) and to pay down the unfunded liabilities within 20 to 30 years.

The primary funding source is investment income, which funds 70 percent of the benefits. IPERS' Investment Board faces the challenge of balancing investment risk while securing asset growth to pay current and future benefits. Currently, IPERS' large diversified portfolio is 100 percent managed by external management firms. IPERS' investment staff is fully capable of managing select assets in house in a manner that lowers cost while producing additive risk-adjusted returns.

The Benefits Advisory Committee is statutorily charged with the duty to consider and recommend benefit provisions to IPERS and the plan sponsor. As such, benefit provisions are studied for sustainability of providing a secure retirement.

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## RETIREMENT PLAN

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*Support plan provisions and related programs that provide secure, lifetime retirement benefits.*

- *Objectively review cost-efficient retirement provisions.*
- *Increase members' awareness of the importance of supplemental retirement savings to help combat inflation.*

### Assessment

#### **Plan Type**

Iowa law charges IPERS with administering a defined benefit plan (a lifetime monthly annuity based on a formula that includes wages and years worked). The plan is mandated for most public employees and requires participation in Social Security. The IPERS plan provides a cost efficient, secure, basic retirement benefit that attracts and retains quality employees. While providing a reasonable retirement benefit, the plan does not include a cost-of-living feature to address loss of purchasing power in retirement. In a recent member and stakeholder survey, retirees recommended that IPERS educate active members about the importance of saving for retirement.

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## PLAN ADMINISTRATION

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*Provide high-quality, low-cost services to members and employers.*

- *Leverage technology to enhance communications and service delivery.*
- *Protect member information and the Trust Fund through implementing secure and continuous improvements.*
- *Implement employee and leadership development programs to support employee engagement and knowledge transfer across the organization.*

### Assessment

#### **Service Quality and Costs**

IPERS recognizes the need for efficient and economical ways to reach 350,000 members and 2,000 reporting employers. Demand for 24/7 online accessibility has become standard. Social media and electronic communication have been expanded to broaden our reach. While expanding innovative use of technology, IPERS must maintain security measures to protect member data. In order to maintain secure, quality services, IPERS must invest in staff development and technology.

IPERS has low benefit administration costs and staffing ratio compared to our peers. IPERS' investment management costs are comparatively low as well. Member and stakeholder survey results also indicated that IPERS is an excellent value, with a good reputation for being fiscally responsible. Investment in employee development, as well as technology, is crucial to maintaining quality, cost-efficient services to the membership.