

A sustainable future for IPERS



We've received an increasing number of inquiries from members and other stakeholders concerned about IPERS. This annual summary explains how the System is doing financially and its importance to Iowa.

In March, the IPERS Investment Board voted to change several economic assumptions used in determining the funding status of the System. The biggest change was lowering the investment return assumption from 7.5 percent to 7.0 percent. Their concern was that persistent low inflation, low interest rates and modest economic growth could produce lower investment earnings in the future. It's always better to plan for this as early as possible.

As it turns out, this was a good year to make these changes because investments earned 11.7 percent, far exceeding the 7.0 percent assumption. Using the new assumptions, the actuaries calculated IPERS' funded ratio at 81.4 percent with \$1.4 billion added to the shortfall.

Additionally, after five years of holding steady, next year contributions must increase slightly to meet the actuarial rate — the amount needed to stay on track with our funding plan, which includes paying off the shortfall within 30 years. Pension reform implemented in 2012 authorizes IPERS to do this without legislative action.

I encourage you to keep informed about IPERS. Follow us on social media, sign up for newsletters, and monitor legislative issues. You may also read the full FY2017 Comprehensive Annual Financial Report on our website.

Sincerely,

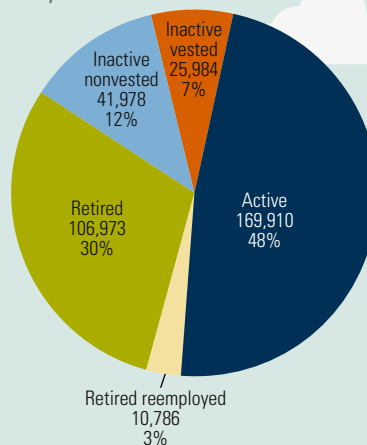
Donna M. Mueller
CEO

OVER 350,000 PEOPLE ARE IPERS MEMBERS.
That's one in ten Iowans.

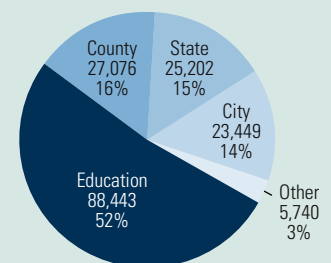
These employees teach our children, maintain our roads and parks, care for our most vulnerable citizens, and protect Iowans across our state.

MEMBERSHIP

By Status



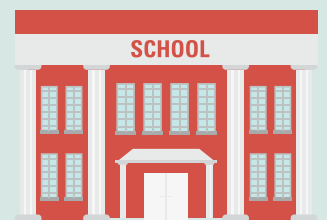
Active Members by Major Employer Type



FIRE STATION



SCHOOL



FUNDING EQUATION:

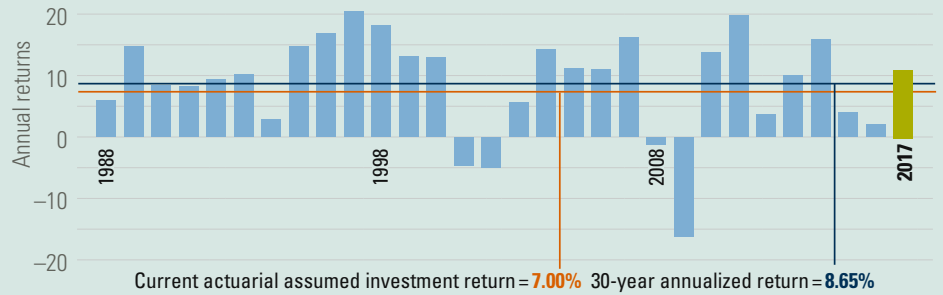
Contributions + Investments

Even with recent changes to the economic assumptions, IPERS' funded ratio remains healthy at 81.4 percent. Pension reform, implemented in 2012, is slowly eliminating the shortfall. The System is on track to be fully funded in less than 30 years.

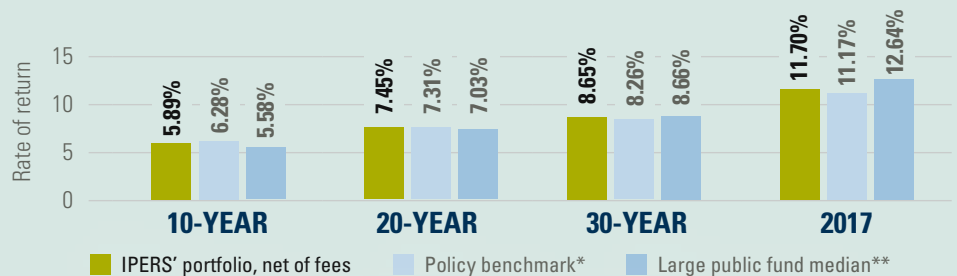
Investments play a significant role in IPERS' long-term funded status. While this year's return of 11.7 percent far exceeds the 7.0 percent assumption, it's much more important to have solid performance over the long haul.

LONG-TERM INVESTMENT PERFORMANCE

Fiscal years ending June 30



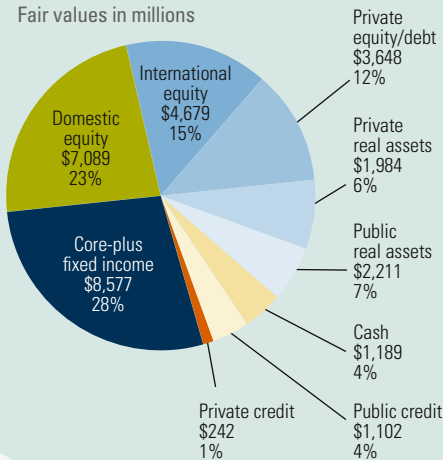
INVESTMENT PERFORMANCE SUMMARY



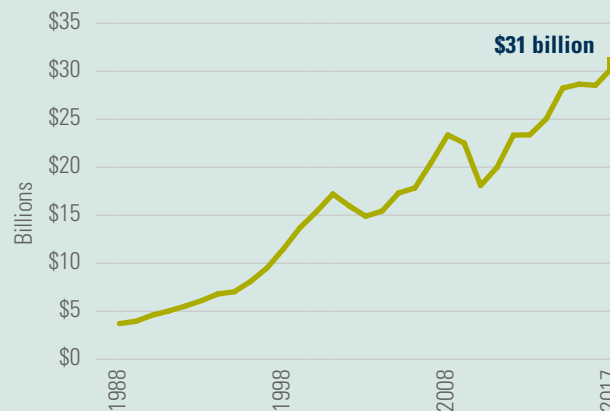
*A benchmark composed of market indexes with weightings reflective of IPERS' asset allocation targets.
 **Trust Universe Comparison Service (TUCS) Public Funds with Total Market Value > \$1 Billion.
 Note: 10-, 20-, and 30-year results are annualized returns.

FUND ALLOCATION

Fair values in millions



FUND GROWTH

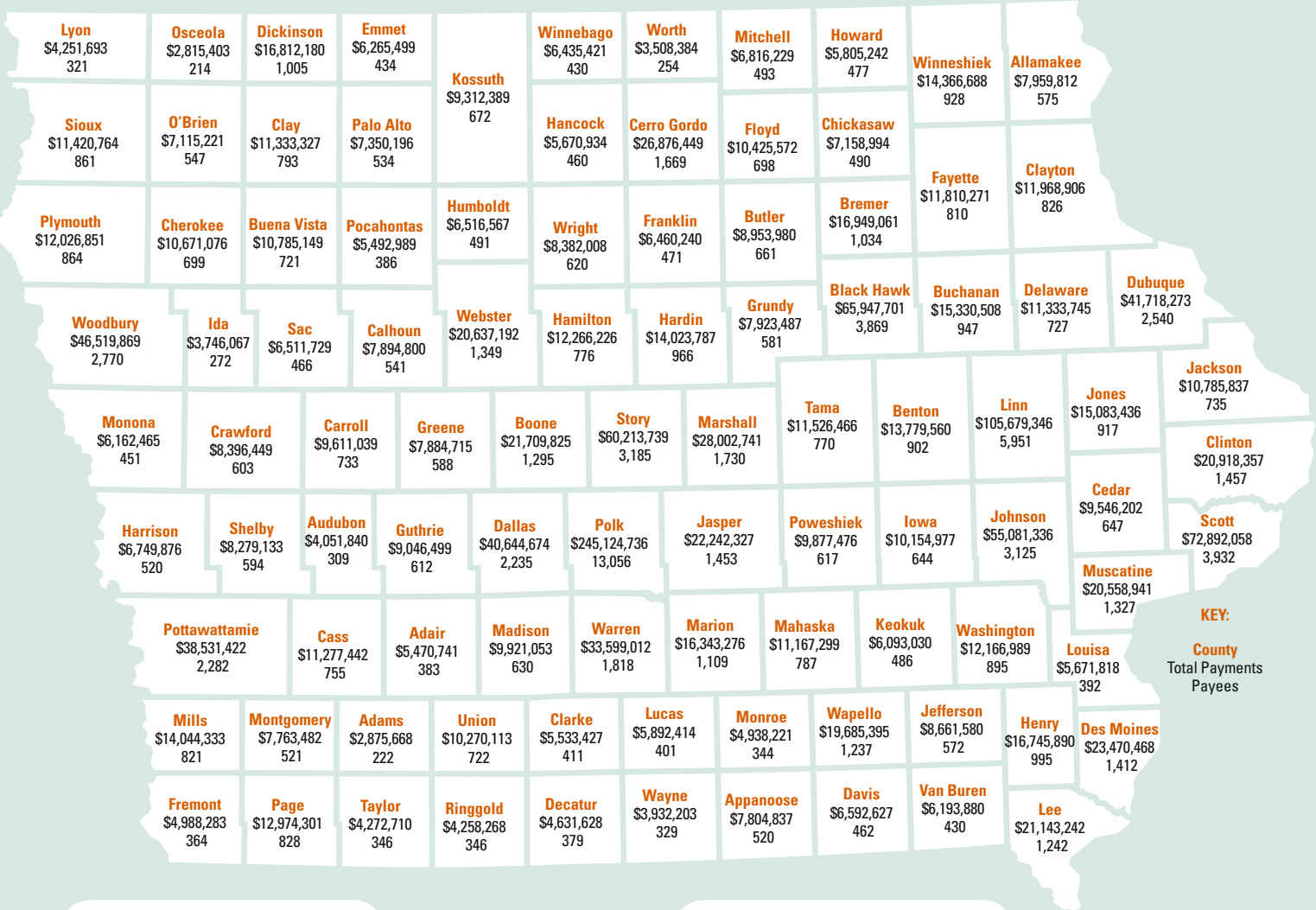


IPERS IS MORE THAN 81% funded.
 A funded ratio of over 80% is considered healthy.



= Benefits + Expenses

BENEFIT PAYMENTS AND PAYEES BY COUNTY IN FY2017



KEY:
County
Total Payments
Payees

LOW ADMINISTRATION COSTS

IPERS' total pension administration cost per member remains significantly below its peer group year after year.

Source: CEM Benchmarking Inc.

Peer median cost \$103

IPERS' cost \$53

IPERS

IPERS PAID \$1.9 BILLION IN BENEFITS, INCLUDING

\$1.7 billion in Iowa.

That money fuels our local economies through taxes, groceries, utilities, and main street businesses.

THE AVERAGE IPERS RETIREE RECEIVES

\$17,000*

a year and retires at age 61 after 22 years of service.

*Annual benefit amount for a recent retiree is \$22,000



Working Today for Your Tomorrow

Iowa Public Employees' Retirement System

P.O. Box 9117
7401 Register Drive
Des Moines, Iowa 50306-9117

QUESTIONS? CONTACT US.

515-281-0020 or 1-800-622-3849 (toll-free)
Monday-Friday 7:30 a.m.-5 p.m. Central Time
info@ipers.org

www.ipers.org [social media icons]

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Message from the Governor and Lt. Governor

Since 1953 when IPERS was established, it has been important to Iowans in many ways. It is one of the single best ways to attract and retain a quality workforce, which is essential to maintaining strong communities. IPERS members are teachers, social workers, public nurses, firefighters and police, snowplow drivers, and many more who are dedicated to improving the lives of others.

IPERS is a solid retirement plan that provides a core lifetime benefit to help public employees care for themselves without relying on social services. It's good for Iowa's economy - this year, of the nearly \$2 billion in benefits paid, 88 percent stayed in Iowa, to be spent on Main Street.

IPERS is prefunded with contributions from both the employee and employer. When those funds are pooled and professionally invested, the contributions grow to cover the earned retirement benefit payments paid in the future.

On track with its funding plan, IPERS staff and board work closely with the actuary to assure the best possible outcome for all stakeholders. We are proud of how efficiently IPERS provides safe, secure, lifetime benefits to one in ten Iowans.

[Signature of Kim Reynolds]

Kim Reynolds, Governor

[Signature of Adam Gregg]

Adam Gregg, Lieutenant Governor

IPERS IS ONE PART OF HEALTHY RETIREMENT SAVINGS that includes Social Security and personal savings.



Visit TheTruthAboutIPERS.org to learn more about IPERS.

Fiduciary Net Position June 30, 2017

ASSETS

Table with 2 columns: Asset Name, Amount. Rows include Cash and cash equivalents, Receivables, Investments at fair value, Securities lending collateral pool, Capital assets, Other assets, Total assets.

LIABILITIES

Table with 2 columns: Liability Name, Amount. Rows include Accounts payable and accrued expenses, Investment purchases payable, Rebates and collateral payable, Foreign exchange contracts payable, Total liabilities, Net position restricted for pensions.

Changes in Fiduciary Net Position

Year Ended June 30, 2017

ADDITIONS

Table with 2 columns: Addition Name, Amount. Rows include Total contributions, Net investment income, Net securities lending income, Total additions.

DEDUCTIONS

Table with 2 columns: Deduction Name, Amount. Rows include Benefit payments, Member refunds, Administrative expenses, Total deductions.

Summary table with 2 columns: Description, Amount. Rows include Net increase, Beginning of year, End of year.