Think about this: Your relationship with IPERS is likely among the longest and most important connections in your life. From the first day of your career in public service to your years in retirement, IPERS works hard for you. We’re passionate about the financial security of your retirement because, after all, we’re Iowans and IPERS members, too. IPERS is Iowans working for Iowans.

In FY2019, IPERS was proud to mark several achievements that directly benefit you. This publication reviews those accomplishments, but some of our most important work is highlighted below.

+ IPERS recently teamed up with Iowa State University Extension to travel throughout Iowa offering a retirement planning course called “Creating a Secure Retirement.” The course covers a range of topics, including IPERS benefits, Social Security, Medicare and tips for personal savings. If you’re nearing retirement, these workshops are an excellent opportunity to prepare for life after work.

+ In the fall of 2018, we launched a major upgrade to the pension administration software that manages all aspects of your individual IPERS membership, including records of your IPERS contributions, employment history, beneficiary information and much more.

+ After the software system’s upgrade, we tested its integrity with a daylong emergency preparedness drill in which IPERS staff worked remotely to ensure that our essential functions could be completed in the event of an emergency at our headquarters. Overall, the drill proved successful, although we gained valuable insights that will challenge us to continue to refine and enhance our processes and technology infrastructure.

We at IPERS are committed to the administration of a successful, sustainable and cost-effective retirement system. As we look to FY2020 and beyond, we’re poised for continued success, and we value our partnership with you.

Donna M. Mueller
CEO
Investment earnings are the largest source of IPERS’ funding. Contributions from employees and employers are pooled and invested to pay benefits and expenses. Nearly 70% of benefit payments come directly from investments.

Our investment program strives to meet performance benchmarks at a low cost. You can be confident IPERS’ risk-aware investment strategy ensures that we achieve our long-term obligations to our members.

### Investment Performance

Our investment policy goal is to maximize the total rate of return on investments within prudent risk parameters. Solid performance over time is important.

**8.35%**
FY2019 Investment Return

**7.0%**
Long-Term Assumption

### Funded Ratio

The funded ratio equals the value of assets divided by pension obligations or liabilities. A ratio of 80% or greater is an indicator of a strong and secure pension fund.

**83.73%**
FY2019

### Administration Cost

IPERS’ pension administration costs per member are significantly less than its peers.

**Peer average cost $96**
**IPERS’ cost $51**

Source: CEM Benchmarking Inc. FY2018

### Asset Allocation

An investment portfolio constructed of diversified assets will, on average, yield higher long-term returns and lower the risk of any individual holding or security.

### Trust Fund Growth

This year, the Trust Fund grew to $34 billion; that’s after more than $2 billion in benefit payments.

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### Investment Performance Summary

<table>
<thead>
<tr>
<th>Rate of return</th>
<th>2019</th>
<th>10-YEAR</th>
<th>20-YEAR</th>
<th>30-YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy benchmark*</td>
<td>8.35</td>
<td>9.63</td>
<td>6.73</td>
<td>8.51</td>
</tr>
<tr>
<td>IPERS’ portfolio, net of fees</td>
<td>8.64</td>
<td>10.09</td>
<td>6.70</td>
<td>8.21</td>
</tr>
<tr>
<td>Large public fund median**</td>
<td>6.77</td>
<td>6.33</td>
<td>8.64</td>
<td>8.56</td>
</tr>
</tbody>
</table>

**Note:** 10-, 20-, and 30-year results are annualized returns.

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### Investment Returns

Fiscal Years Ended June 30

- **Current actuarial assumed investment return = 7.0%**
- **30-year annualized return = 8.51%**

---

### Asset Allocation (Fair Values in Millions)

- **Domestic equity** $7,491, 22%
- **International equity** $5,003, 15%
- **Core-plus fixed income** $9,934, 27%
- **Private equity** $4,734, 14%
- **Public credit** $1,209, 4%
- **Private credit** $702, 2%
- **Cash** $358, 1%
- **Global smart beta equity** $1,025, 3%
- **Private real assets** $2,151, 6%
- **Public real assets** $2,324, 7%

**As of June 30, 2019**

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### Investment Returns Graph

- **Current actuarial assumed investment return = 7.0%**
- **30-year annualized return = 8.51%**

---

### Trust Fund Growth Graph

- **$34 billion**

---
Benefit Payments and Payees by County

- **Total Members:** 368,292
- **Trust Fund Value:** $34 billion
- **The Average IPERS Retiree:**
  - Annual Benefit: $17,484
  - Retirement Age: 61
  - Years of Service: 23

Benefit Payments

- **$2.2 billion** total benefits paid, including $1.9 billion paid in Iowa.

Active Members by Major Employer Type

- **Retired reemployed:** 10,808 (3%)
- **Active:** 172,304 (47%)
- **Inactive vested:** 25,243 (7%)
- **Inactive nonvested:** 46,964 (13%)

Membership

- **Retired:**
  - 112,973 (31%)
  - 90,955 (25%)
  - 70,087 (19%)
  - 60,026 (17%)
  - 50,030 (14%)
  - 40,011 (11%)
  - 30,002 (9%)
  - 20,012 (6%)
  - 10,006 (3%)

- **Active:**
  - 172,304 (47%)
  - 150,003 (41%)
  - 127,692 (35%)
  - 105,480 (29%)
  - 83,268 (23%)
  - 60,017 (17%)
  - 37,997 (11%)
  - 25,876 (7%)
  - 13,738 (4%)

- **Inactive:**
  - 25,243 (7%)
  - 22,912 (6%)
  - 20,571 (6%)
  - 18,230 (5%)
  - 15,909 (5%)
  - 13,578 (4%)
  - 11,247 (3%)
  - 8,916 (2%)
  - 6,585 (2%)

Total Payments

- **$15.62 billion** in payments, including $13.87 billion paid in Iowa.
When the Iowa Legislature created IPERS in 1953, it did so with the intent of establishing a core retirement plan that attracts and retains the quality workforce necessary to fulfill the critical duties of government. More than 60 years later, IPERS continues to accomplish that mission, and the citizens of Iowa benefit from the services of thousands of hard-working public servants.

IPERS is committed to our public employees and is dedicated to the prudent management of the state’s largest retirement system. In FY2019, IPERS marked several important achievements that demonstrate this dedication. For example, investment earning in FY2019 equaled 8.35%, surpassing the 7.0% assumed rate of return. This strong investment performance means the Trust Fund from which pension benefits are paid grew from $32 billion to $34 billion and keeps IPERS on the path for a strong, sustainable future.

IPERS also maintained its low cost of administration, meaning it costs only $51 per member to administer the plan. That's nearly half of the average per-member administration cost of IPERS’ peers.

One in 10 Iowans rely on IPERS to serve as the foundation for their retirement. This is a responsibility we and IPERS take seriously. We are proud to serve you now and into the future.

Kim Reynolds
Governor

Adam Gregg
Lieutenant Governor

A Letter from the Governor & Lt. Governor

Fiduciary Net Position
(Dollar Values Expressed in Thousands)
Fiscal Years Ended June 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and investments at fair value</td>
<td>$35,059,231</td>
<td>$33,247,956</td>
<td>5.4</td>
<td>$31,362,524</td>
<td>4.0</td>
</tr>
<tr>
<td>Receivables</td>
<td>1,017,467</td>
<td>776,570</td>
<td>31.0</td>
<td>659,813</td>
<td>17.7</td>
</tr>
<tr>
<td>Capital assets</td>
<td>15,073</td>
<td>16,494</td>
<td>(8.6)</td>
<td>18,681</td>
<td>(11.7)</td>
</tr>
<tr>
<td>Other assets</td>
<td>554</td>
<td>1,357</td>
<td>(59.2)</td>
<td>315</td>
<td>330.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>36,092,325</strong></td>
<td><strong>34,042,377</strong></td>
<td><strong>6.0</strong></td>
<td><strong>32,641,333</strong></td>
<td><strong>4.3</strong></td>
</tr>
<tr>
<td>Deferred outflows of resources</td>
<td>46</td>
<td>30</td>
<td>53.3</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,081,664</strong></td>
<td><strong>1,727,814</strong></td>
<td><strong>20.5</strong></td>
<td><strong>1,862,217</strong></td>
<td>(7.2)</td>
</tr>
<tr>
<td>Deferred inflows of resources</td>
<td>26</td>
<td>4</td>
<td>550.0</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$34,010,681</strong></td>
<td><strong>$32,314,589</strong></td>
<td><strong>5.2</strong></td>
<td><strong>$30,779,116</strong></td>
<td><strong>5.0</strong></td>
</tr>
</tbody>
</table>

Changes in Fiduciary Net Position
(Dollar Values Expressed in Thousands)
Fiscal Years Ended June 30

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and service purchases</td>
<td>$1,294,436</td>
<td>$1,202,788</td>
<td>7.6</td>
<td>$1,182,392</td>
<td>1.7</td>
</tr>
<tr>
<td>Net investment and securities lending income</td>
<td>2,640,007</td>
<td>2,458,869</td>
<td>7.4</td>
<td>3,279,743</td>
<td>(25.0)</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td><strong>3,934,445</strong></td>
<td><strong>3,661,757</strong></td>
<td><strong>7.4</strong></td>
<td><strong>4,462,135</strong></td>
<td>(17.9)</td>
</tr>
<tr>
<td>Deductions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits and refunds</td>
<td>2,222,656</td>
<td>2,111,352</td>
<td>5.3</td>
<td>1,993,554</td>
<td>5.9</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>15,697</td>
<td>14,754</td>
<td>6.4</td>
<td>15,899</td>
<td>(7.2)</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td><strong>2,238,353</strong></td>
<td><strong>2,126,106</strong></td>
<td><strong>5.3</strong></td>
<td><strong>2,009,453</strong></td>
<td><strong>5.8</strong></td>
</tr>
<tr>
<td>Increase in net position</td>
<td><strong>$1,696,092</strong></td>
<td><strong>$1,535,651</strong></td>
<td><strong>10.4</strong></td>
<td><strong>$2,452,682</strong></td>
<td>(37.4)</td>
</tr>
</tbody>
</table>

Total net position restricted for pensions increased from $32.315 billion on June 30, 2018, to $34.011 billion on June 30, 2019. These assets consist of capital assets owned by IPERS and investment portfolio assets.

In FY2019, employee and employer contributions, including service purchases, totaled $1.294 billion, while total member benefits equaled $2.223 billion. The resulting $929 million contribution shortfall was funded with earnings and sales proceeds from the investment portfolio.