CONGRATULATIONS ON BECOMING A VESTED IPERS MEMBER!

As a vested member, you have reached an important milestone on the road to retirement. Vesting entitles you to special benefits as described in this brochure.

Remember, IPERS provides the security you need through guaranteed benefits. With IPERS, unlike other retirement plans, benefits aren’t tied to the performance of the stock market and you don’t need to be an experienced investor to make your retirement dreams a reality. Your IPERS benefits are only one part of your overall retirement savings. Your total retirement income will come from a combination of your IPERS benefits, Social Security, personal savings, and any other retirement plan benefits.
Rights of Vested Members

You become a vested member of IPERS when:

- You have seven years of service, or
- You reach age 65 while in covered employment.

Vesting gives you access to the following benefits.

**Purchasing Service**

Purchasing service can help you increase your retirement benefits. You may be able to purchase service credit at retirement, or even receive free service credit.

At retirement, you may purchase service for legislative service, if you withdrew contributions (took a refund), worked for another public or private employer, or had not elected coverage for previous employment.

You may also be eligible for free credit for certain disability leaves and for service in the Armed Forces.

For more information, see the IPERS “Purchasing Service” brochure or contact IPERS.

**Portability of Benefits**

If you change jobs, you continue to grow your IPERS benefits if your new job is also an IPERS-covered position.

If you leave IPERS-covered employment, you can choose to leave your money in IPERS. This may be helpful if you plan on returning to covered employment. You can also take a refund or roll over all or a portion to a qualified plan such as a 401(k) plan or IRA.
Access to Employer Contributions

You are always entitled to 100% of your own contributions and interest earnings. If you leave covered employment and take a refund, you will receive a portion of your employer’s contributions made on your behalf plus interest. The portion is the percentage calculated when your years of service are divided by 30.

Disability Benefits

Being vested is a requirement for becoming eligible for disability benefits. These benefits provide important protection for you and your family. If you qualify for disability benefits from IPERS, your benefits can begin before you would normally be eligible for benefits.

To qualify for disability benefits from IPERS, you must:

• Be vested.
• Have ended all IPERS-covered employment.
• Be receiving federal Social Security or Railroad Retirement disability benefits.

If you are under age 65, you must also:

• Provide proof to IPERS that you remain eligible for federal Social Security disability or Railroad Retirement disability benefits each year.

Death Benefits

IPERS provides death benefits if you die before beginning to receive your IPERS retirement benefits. Death benefits are available to vested and nonvested members, but vested members are eligible for additional death benefits.

When you began working in covered employment, you should have completed and submitted an Enrollment/Beneficiary Designation form to IPERS. The form is available on the website or by calling IPERS at 515-281-0020 or toll-free at 1-800-622-3849. It’s important to review your beneficiary information periodically as your personal situation may change. You can check your beneficiary designation by registering for and logging in to My Account on IPERS’ website, www.ipers.org.

EXAMPLE:
Jenny has 15 years of covered service when she terminates employment. She is eligible to receive 50% of her employer’s investment (15 years ÷ 30).
The IPERS plan is a defined benefit pension plan. The lifetime monthly benefit you receive is predictable and stable because it is calculated using a formula. Your benefits grow with you throughout your IPERS-covered employment. As your years of service and salary increase, your IPERS benefits grow too.

IPERS was established for the purpose of providing a retirement plan to public employees throughout Iowa. As a public agency, IPERS’ goals are aligned with members’ goals.

IPERS benefits are designed to supplement personal savings and Social Security benefits in retirement. Benefits also offer financial protection for families in the event of death or disability.

**Strength in Numbers: Our Membership**

IPERS covers most Iowa public employees. With 355,000 members and 2,000 covered employers, IPERS is the largest public retirement system in Iowa. IPERS offers retirement benefit stability and security that members can count on.

Most public employees in Iowa automatically become members of IPERS when they start employment with an IPERS-covered employer. Covered employers include:

- Schools
- Counties
- State agencies
- Cities
- Townships
- Other public employers

**Did you know?** One in ten Iowans is an IPERS member.

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Middle-income earners, such as teachers, fare better in terms of savings with a DB [defined benefit] pension than with a DC [defined contribution] plan.

— CHRISTIAN E. WELLER, “WIN-WIN: PENSIONS EFFICIENTLY SERVE AMERICAN SCHOOLS AND TEACHERS,” NATIONAL INSTITUTE ON RETIREMENT SECURITY, OCTOBER 2017

In 2017, 88% of Americans say those with a pension are more likely to have a secure retirement.

Contributing to IPERS

Both you and your employer contribute to IPERS. IPERS invests the contributions and holds the investment income in a Trust Fund for the exclusive purpose of paying benefits to members and their beneficiaries.

The Iowa Legislature and Governor determine the positions of employment in each membership group and the benefits provided.

IPERS sets contribution rates as part of its annual actuarial valuation, which applies actuarial assumptions and IPERS’ funding policy. The rate for Regular members can increase or decrease by no more than 1.0 percentage point each year.

Rates for all membership groups are released in November and posted on the IPERS website. New rates take effect the following July 1.

Benefits of Contributing to IPERS

- **Automatic retirement savings.** Automatic deductions from your paycheck ensure you set aside retirement savings.
- **Income you won’t miss.** Since the deductions come out of your check automatically, you won’t miss the income.
- **Pretax deductions.** Your contributions reduce your taxable income.
- **It’s easy.** IPERS takes on all the investment risk. You don’t have to worry about investment market fluctuations.
Membership Rewards

Saving for retirement is important. IPERS benefits are designed to supplement personal savings and Social Security benefits. Consider these rewards of IPERS membership.

Security
IPERS is a well-funded retirement plan. IPERS’ administration and an independent actuary scrutinize IPERS’ financial statements yearly. IPERS’ administrators evaluate the retirement plan’s sustainability and request changes when appropriate.

Accountability
The Iowa Legislature and Governor are the plan sponsors for IPERS. The Legislature authorizes spending from the Trust Fund for administrative expenses. IPERS closely monitors and negotiates investment management expenses, does not spend money on costly advertising campaigns, and operates with a small and efficient staff. Annual financial statements on the Trust Fund are available online or from IPERS for free.

Worry-Free Benefits
Since IPERS provides a defined benefit, you don’t have to worry about monitoring where your money is invested or how the stock market performs. It’s easy and worry-free.

You have the option of receiving your benefits as a monthly lifetime payment — which means you can never outlive your benefits. The amount of your benefit is based on a formula that factors in your years of service, age, and average salary. By design, IPERS takes on all the investment risk; with a defined contribution plan, you take on the investment risk and must ensure your investment grows at a sufficient rate to provide benefits for your lifetime.

Resources
IPERS helps you plan for a secure retirement. You can speak one-on-one with a representative who can answer your questions and address your individual situation. In addition, online resources and periodic mailings keep you informed about your IPERS benefits.

LOW ADMINISTRATIVE EXPENSES

Consider this:
According to CEM Benchmarking Inc., an independent company that reviews pension systems, IPERS’ administrative expenses are among the lowest of similarly sized public retirement systems, averaging 50% less than our peers.

IPERS Membership Has Rewards

• Security. IPERS is a large, well-funded plan.
• A guaranteed benefit. Your benefit is based on a formula; benefits are predictable.
• A safety net. IPERS provides death and disability benefits.
• Public accountability. You elect the officials who sponsor the plan; these officials want to provide sound, yet cost-effective benefits. Plan financials are fully disclosed.
• Portability. If you change jobs to another IPERS-covered position, you continue to grow your IPERS benefits. If you leave public employment, you can take your contributions with you.
• Retirement planning resources. Talk or meet with an IPERS representative to discuss your IPERS benefits.
Eligibility for Benefits & Your Benefit Amount

You are eligible for monthly retirement benefits starting at age 55, after you leave all employment with an IPERS-covered employer. (See page 4 for the requirements to earn disability benefits from IPERS.)

If you are at least 70 years old and still working for an IPERS-covered employer, you may apply to begin receiving IPERS retirement benefits while still employed. When you stop working, IPERS may adjust your benefit to account for your additional years of service and salary.

The formula used to calculate your annual IPERS benefit consists of:

- **YOUR AVERAGE SALARY.**
- **A MULTIPLIER.**
- **AN EARLY-RETIREMENT REDUCTION,** only if you don’t meet normal retirement age when you start receiving benefits.

Your average salary is the average of your highest five years’ salaries. (However, if the average of your highest three years’ salaries as of June 30, 2012, is greater than your highest five-year average, then IPERS will use your highest three-year average calculated at June 30, 2012.) IPERS tests your earnings for wage spiking, to prevent overpaying your benefits. Your average salary will be decreased if wage spiking has occurred.

### IPERS Benefit Calculation

<table>
<thead>
<tr>
<th>Average Salary</th>
<th>Multiplier</th>
<th>Reduction, If Any</th>
<th>Your Annual IPERS Benefit</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

YEARS OF SERVICE

7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35+

### Multiplier for Regular Members

- 14% for 7 years of service
- 16% for 8 years of service
- 18% for 9 years of service
- 20% for 10 years of service
- 22% for 11 years of service
- 24% for 12 years of service
- 26% for 13 years of service
- 28% for 14 years of service
- 30% for 15 years of service
- 32% for 16 years of service
- 34% for 17 years of service
- 36% for 18 years of service
- 38% for 19 years of service
- 40% for 20 years of service
- 42% for 21 years of service
- 44% for 22 years of service
- 46% for 23 years of service
- 48% for 24 years of service
- 50% for 25 years of service
- 52% for 26 years of service
- 54% for 27 years of service
- 56% for 28 years of service
- 58% for 29 years of service
- 60% for 30 years of service
- 62% for 31 years of service
- 64% for 32 years of service
- 66% for 33 years of service
- 68% for 34 years of service
- 69% for 35+ years of service

### Your IPERS Benefit Amount Is:

- Based on your individual factors.
- Affected by early retirement.
- Guaranteed for life.
Calculation Examples

Retirement benefits in the following examples are calculated under Option 2. The amounts will be adjusted if another option is chosen.

EXAMPLE 1: Average Salary Comparison

When Jane retires in January 2014, her highest five-year average salary over her entire career is more than her highest three-year average salary at June 30, 2012.

Because Jane’s five-year average is more than her June 30, 2012, snapshot of her highest three-year average, the five-year average is used in the benefit formula.

Jane’s earnings*

<table>
<thead>
<tr>
<th>Snapshot of highest three-year average salary at June 30, 2012</th>
<th>Highest five-year average salary over entire career</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 $51,900</td>
<td>2009 $50,046</td>
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<tr>
<td>2011 $53,086</td>
<td>2010 $51,900</td>
</tr>
<tr>
<td>2012 $53,900</td>
<td>2011 $53,086</td>
</tr>
<tr>
<td></td>
<td>2012 $54,476</td>
</tr>
<tr>
<td></td>
<td>2013 $55,732</td>
</tr>
</tbody>
</table>

$52,962

Jane’s annual benefit

$24,402.08

*Years are measured January 1–December 31 unless otherwise noted.
†First half of 2012 (January 1–June 30), plus two quarters’ worth of Jane’s 2009 average quarterly salary.

Normal retirement age, when an early-retirement reduction no longer applies, is one of the following (whichever comes first):

- **Age 65**
- Age 62 if you have 20 or more years of service (Rule of 62/20)
- When your years of service plus your age equals or exceeds 88 (Rule of 88)

If you choose to begin receiving benefits before normal retirement age, a permanent early-retirement reduction will apply to your benefit. For service earned after June 30, 2012, the reduction is 0.5% for each month (or 6% a year) that you receive benefits before age 65.

Your **multiplier** increases with every year you work in IPERS-covered employment up to 65% (see bar chart at left). Purchasing IPERS service also increases your multiplier. The maximum multiplier is 65%.

Jane has worked in IPERS-covered employment for 23 years. She retires at age 64, after she has reached normal retirement age.

\[
\text{Jane’s annual benefit} = \text{Jane’s average salary} \times \text{Multiplier from years of service} \\
= \$53,048.00 \times 46\% \\
= \$24,402.08
\]
Calculation Examples

**EXAMPLE 2:**
**Retirement Benefits Payable Before Normal Retirement Age**

In December 2014, Steve is 61 years old and has 26½ years of service. His average salary is $54,000.

Because he worked both before and after July 1, 2012, and is retiring before meeting normal retirement age, his benefits will be reduced. The reduction amount will be increased for all service Steve earned after June 30, 2012.

A 3%-a-year early-retirement reduction from Steve’s nearest normal retirement applies to the 24 years of service he earned before July 1, 2012. Because Steve has more than 20 years of service, his nearest normal retirement is age 62. Steve’s early-retirement reduction for his service before July 1, 2012, is 3% × 1 year = 3%.

\[
\begin{align*}
\text{Benefit earned before July 1, 2012} & = 54,000 \times 0.48 - 777.60 \\
& = 25,142.40
\end{align*}
\]

A 6%-a-year early-retirement reduction from age 65 applies to the 2½ years of service Steve has earned since July 1, 2012. He is 4 years from age 65. His early retirement reduction for his service after June 30, 2012, is 6% × 4 years = 24%.

\[
\begin{align*}
\text{Benefit earned after June 30, 2012} & = 54,000 \times 0.05 - 648 \\
& = 2,052
\end{align*}
\]

When Steve retires in December 2014, his annual benefit is:

\[
\begin{align*}
& = 25,142.40 + 2,052.00 \\
& = 27,194.40 \\
& \text{Annual benefit}
\end{align*}
\]

**EXAMPLE 3 (CONTINUED FROM EXAMPLE 2):**
**Retirement Benefits Payable at Normal Retirement Age**

If Steve waited until June 2015 to retire, he would still be 61 years old and he would have 27 years of service. He now meets the Rule of 88.

\[
\begin{align*}
\text{Annual benefit} & = 54,000 \times 0.54 - 0 \\
& = 29,160
\end{align*}
\]

By working six more months, Steve could increase his benefit by $1,965.60 a year, or $163.80 each month. If Steve collects his monthly benefit for 20 years, he can increase his lifetime benefit by $39,312 by delaying his retirement only six months.

These examples are for illustrative purposes only. Your benefits may be different depending on your employer, length of service, covered wages, and the payment option you choose at retirement.
**Simple Steps**

Take these simple steps to make the most of your IPERS membership.

- **Keep your address updated.** This ensures you receive important information from IPERS. Your employer does not notify IPERS when you change your address.

- **Keep your beneficiary information up to date.** To designate or change your beneficiary, call IPERS or visit www.ipers.org to get an IPERS Enrollment/Beneficiary Designation form. You can check your beneficiary designation by registering for and logging in to My Account on www.ipers.org.

- **Review your annual benefits statement.** It shows your service credits, reported wages, contributions, estimated amount of benefits under the plan, and beneficiary information. You may also request a more detailed benefit estimate that shows the amount of your benefits payable under each payment option.

- **Contact your employer if you have questions about your wages or wage reporting.** It’s important to ensure your wages are reported correctly.

- **Read IPERS newsletters and annual summaries.** The best way to optimize the benefits available to you is to understand how they work. Stay informed by reading all the IPERS materials available to you.

- **Attend an IPERS educational session to learn more about IPERS.** For information, call IPERS or visit our website. Schedules are also included in IPERS newsletters.

- **Provide input to IPERS, the Governor, and your Legislature.** You elect the officials who sponsor the IPERS plan.

- **Get connected at www.ipers.org.** The site provides benefits summaries, retirement planning tools, downloadable forms, and various retirement benefit calculators. You can also set up a personal account to access account information and update your address at any time.

- **Call us with any questions at 515-281-0020 or toll-free at 1-800-622-3849.** You can talk with a representative knowledgeable about IPERS. You can also schedule an appointment to meet one-on-one with an IPERS representative.