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.
Governance

What is the role of the Plan Sponsor?
- Creates plan
- Establishes funding
- Monitors performance against plan goals
- Determines participation
- Determines benefits
- Monitors performance against plan goals
IPERS Is...

• The largest public retirement system in Iowa
  – 2,100 employers
    • public schools, cities, counties, state government, state universities, State Board of Regents
  – Over 343,000 total members
    • Regular members
    • Sheriffs & Deputies
    • Protection Occupations
IPERS Is a Defined Benefit Plan

- Paid as a lifetime, monthly annuity
- Amount is based on a formula
- Contributions from employee and employer
- Pooled contributions are invested by professional investment managers

*The early-retirement reduction applies only to the benefits of Regular members who retire before normal retirement age.*
Large Membership Pool

As of June 30, 2013

Active Members Grouped by Major Employers

Membership Status

- 48% Active 165,095
- 28% Retired 94,893
- 12% Inactive NonVested 39,958
- 10% Inactive Vested 32,666
- 3% Retired Reemployed 10,040

- 54% Education 88,426
- 13% State 21,540
- 11% City 18,532
- 10% County 16,412
- 9% Health 15,138
- 3% Other 5,047
343,000 Members

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

- Over 104,000 retirees and beneficiaries
- $1.7 billion paid in benefits
  - $1.5 billion paid to Iowans
- 89% of those payments made to Iowans
Prefund – Not Pay-as-you-go

Contributions + Investments = Benefits + Expenses

FY2015 Contribution Rates – No Increase from FY2014

<table>
<thead>
<tr>
<th>Membership Class</th>
<th>Member Share</th>
<th>Employer Share</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular</td>
<td>5.95%</td>
<td>8.93%</td>
<td>14.88%</td>
</tr>
<tr>
<td>Sheriffs and deputies</td>
<td>9.88%</td>
<td>9.88%</td>
<td>19.76%</td>
</tr>
<tr>
<td>Protection occupations</td>
<td>6.76%</td>
<td>10.14%</td>
<td>16.90%</td>
</tr>
</tbody>
</table>
The IPERS Trust Fund market value as of 6/30/14 is $27.6 billion up from $24.8 billion as of 6/30/13.
Actuarial assumed investment return:
1953 – 1993: 6.50%
1994 – 1995: 6.75%
1996 – present: 7.50%
• Annual snapshot as of June 30
  – Evaluates funded status
  – Evaluates asset and liability measures
  – Determines annual required contributions
Contribution Rates vs. Required
Growth of the UAL

Actuarial Liability vs Actuarial Value of Assets

June 30

Actuarial Value of Assets  Unfunded Actuarial Liability

$Billions

$0  $5  $10  $15  $20  $25  $30  $35

Amortization Period

![Bar Chart]

- Values: 20, 9, 8, 20, 21, 39, NA, NA, NA, NA, NA, NA, 34, 34, 30, 27

June 30
### Funded Ratio

<table>
<thead>
<tr>
<th>Date</th>
<th>FY2009</th>
<th>FY2010</th>
<th>FY2011</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded Ratio</td>
<td>81.2%</td>
<td>81.4%</td>
<td>79.9%</td>
<td>79.9%</td>
<td>81.0%</td>
</tr>
<tr>
<td>Unfunded Actuarial Liability ($M)</td>
<td>$4,895</td>
<td>$4,931</td>
<td>$5,682</td>
<td>$5,916</td>
<td>$5,787</td>
</tr>
</tbody>
</table>
IPERS’ Pension Reform

• Reform started 4 years ago
  – Passed in 2010
  – Fully implemented in 2012

• Contribution rates tied to actuarial rate
  – Investment Board adopted funding policy

• Benefit reductions taken by current, active members
  – No separate tier for new hires
Recent Pension Reform

FOR REGULAR MEMBERS

• Change in Vesting Period
• Change in Benefit Formula
• Change in Early Retirement Reduction Percentage
• IPERS can adjust contribution rates + or – one percent based on actuarial rates

RESULTS

• Immediate funding benefit
  • UAL decreased by $674 million
  • Amortization period went from infinity to 34 years; now it’s 27
  • Reduction in normal cost
• Contribution rates stable
  • No increase from FY2014 to FY2015
What Is GASB?

GASB stands for...

Governmental Accounting Standards Board

To learn more about GASB, go to the GASB website at www.gasb.org.
New Accounting Standards

• Two new GASB statements

  – **Statement No. 67** applies to the PLAN
    • IPERS’ fiscal year 2014
  – **Statement No. 68** applies to EMPLOYERS
    • The fiscal year that begins after 6/15/2014
Funding vs. Accounting

• Pension plans report their funding progress annually based on the actuarial valuation.
• The new GASB standards change the focus to the plan’s liabilities.
  • IPERS will allocate a portion of the Plan’s liability to each employer.
  • Employers report a proportionate share of the Plan’s liability on their financial statements.
  • This liability is not due today.
What is total pension liability?
Similar to actuarial accrued liability in the valuation, but may use a different discount rate.

What will IPERS do with this number?
It will be disclosed in our CAFR and Required Supplementary Information (RSI).
What is net pension liability?

TPL minus market value of IPERS’ assets = NPL

IPERS’ actuaries will:
- Calculate the total NPL

IPERS will:
- Apportion the NPL among the employers

Employers will:
- Report a proportionate share of the NPL on their financial statements
What is pension expense?
The difference in NPL from the previous year to the current year, with some adjustments to the calculations.

What is done with this number?
IPERS will also apportion this among employers to be reported on their financial statements.
Employers’ Responsibilities

RSI and Notes to RSI

• 10-year schedules
  – Employer’s proportionate share of NPL
  – Contributions paid compared to contributions required
  – Information about significant changes/trends
What This Means...

• A **pension liability** on the employer’s financial statements.
  - Current standards require pension liability only if contractual contributions not paid.

• A **pension expense** different from the current expense of contributions paid.

The new statements will not affect the contribution rates, which are set by the Funding Policy, derived from the actuarial valuation.
Credit Ratings & GASB

• Credit-rating agencies apply their own standards currently; independent of GASB
• Updated methodology attributes more weight to debt and pension liabilities
There will be a one-year lag in employer reporting of GASB 68 results. In their FY2015 reporting, employers will use FY2014 actuarial valuation results from IPERS.

*Assumes a June 30 fiscal year-end.
Visit IPERS’ Website
The purpose of this presentation is to provide a brief overview of IPERS. For additional information, feel free to contact us or visit our website at www.ipers.org.

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