This past election season brought a flurry of worry and concern from IPERS members who thought the pension plan may be in jeopardy. In this annual summary you’ll learn just how strong and secure the System is and why the future is looking bright.

IPERS’ Trust Fund grew to over $32 billion this past year, after experiencing an 8 percent gain on investments. Our investment performance goal is 7 percent. This is an important measure because investments pay for 70 percent of member benefits.

Our funded status increased a full percent from last year and now stands at 82.4 percent. Industry experts say pension plans funded at 80 percent or greater are financially healthy. In addition, the unfunded actuarial liability decreased this year.

Another positive sign is there will not be an increase in contributions. In fact, the contribution rates for Special Service members will decrease as of July 1, 2019.

Changes to the IPERS plan that were put in place in 2012 are having the desired effects of improving funding. Pensions have a long time horizon and changes just take time. Staying the course will ensure that IPERS remains strong and secure.

You’ll find the full FY2018 Comprehensive Annual Financial Report on our website. Keep informed about IPERS by following us on social media, signing up for newsletters, and monitoring legislative issues. If you have any questions, give us a call.

Donna M. Mueller
CEO
Investments play the single most important role in funding IPERS. This year, the Trust Fund grew to $32 billion; that’s after $2 billion was paid out in benefits.

IPERS’ long-term investment assumption is 7%. This year, the Fund achieved an 8% return, bumping up the funded ratio by a full percent. While that’s good, it’s more important to have solid performance over the long haul.

A funded ratio of 80% or greater is an indicator of a strong and secure pension fund. For FY2018, IPERS’ funded ratio is 82.4%. Often considered one of the best pension systems in the U.S., IPERS is on track to be fully funded in 26 years.

**Investment Performance Summary**

<table>
<thead>
<tr>
<th>Rate of return</th>
<th>2018</th>
<th>10-YEAR</th>
<th>20-YEAR</th>
<th>30-YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>IPERS’ portfolio, net of fees</td>
<td>7.97%</td>
<td>7.79%</td>
<td>6.55%</td>
<td>6.36%</td>
</tr>
<tr>
<td>Policy benchmark*</td>
<td>8.00%</td>
<td>7.80%</td>
<td>6.55%</td>
<td>6.36%</td>
</tr>
<tr>
<td>Large public fund median**</td>
<td>8.72%</td>
<td>8.36%</td>
<td>8.91%</td>
<td>8.91%</td>
</tr>
</tbody>
</table>

* 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 Index.

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

**Fund Allocation**

<table>
<thead>
<tr>
<th>Category</th>
<th>Fair Value (in Millions)</th>
<th>Expenditure %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equity</td>
<td>$7,398</td>
<td>23%</td>
</tr>
<tr>
<td>International equity</td>
<td>$4,735</td>
<td>15%</td>
</tr>
<tr>
<td>Public credit</td>
<td>$1,138</td>
<td>4%</td>
</tr>
<tr>
<td>Core-plus fixed income</td>
<td>$9,942</td>
<td>28%</td>
</tr>
<tr>
<td>Private credit</td>
<td>$279</td>
<td>1%</td>
</tr>
<tr>
<td>Private equity</td>
<td>$4,138</td>
<td>13%</td>
</tr>
<tr>
<td>Private real assets</td>
<td>$1,985</td>
<td>6%</td>
</tr>
<tr>
<td>Public real assets</td>
<td>$2,391</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Fund Growth**

- **2018:** $32.3 billion
- **1989 to 2018:** Growth from $32.3 billion to $32 billion

**DID YOU KNOW?**

You can read the full FY2018 Comprehensive Annual Financial Report on our website at: www.ipers.org/financial-and-investment
Investment Returns

1989
82.4%

1999
Funded Ratio

Source: CEM Benchmarking Inc.

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

Peer average cost $101
IPERS’ cost $55

Source: CEM Benchmarking Inc. FY2017

Benefit Payments and Payees by County

Total Benefit Payments Paid
$2.1 billion

The Average IPERS Retiree

$17,000 Annual Benefit
61 Retirement Age
23 Years of Service

Total Benefit Payments Paid in Iowa
$1.8 billion

Membership
Retired
Retired reemployed
10,600
3%

Inactive vested
25,664
7%

Inactive nonvested
44,383
12%

Active
170,378
47%

Active Members by Major Employer Type

County
27,050
16%

City
23,446
14%

State
24,489
14%

Other
5,680
3%

Education
89,713
53%

Source: CEM Benchmarking Inc. FY2017

Administration Cost
IPERS’ total pension administration cost per member remains significantly below its peer group year after year.
A Letter from the Governor & Lt. Governor

Since its establishment more than 65 years ago, IPERS has been there for its members.

IPERS is a solid retirement plan. It provides an essential lifetime benefit for public employees, helping them care for themselves instead of relying on social services. IPERS is an important way to attract and retain a quality workforce which is essential for maintaining strong Iowa communities.

IPERS is prefunded with contributions from both employers and employees. The funds are pooled and professionally invested, and the contributions grow to cover earned retirement benefits paid in the future.

The Iowa Legislature made changes to IPERS in 2012 that put the program on track for full funding. We are proud of how efficiently IPERS provides safe and secure lifetime benefits for one in ten Iowans.

We will protect IPERS today, tomorrow and into the future. Count on it to be there for you.

Kim Reynolds
Governor

Adam Gregg
Lieutenant 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>$33,247,956</td>
<td>$31,962,524</td>
<td>4.0</td>
<td>$29,436,328</td>
<td>8.6</td>
</tr>
<tr>
<td>Receivables</td>
<td>776,570</td>
<td>659,813</td>
<td>17.7</td>
<td>1,778,545</td>
<td>(62.9)</td>
</tr>
<tr>
<td>Capital assets</td>
<td>16,494</td>
<td>18,681</td>
<td>(11.7)</td>
<td>20,755</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,357</td>
<td>315</td>
<td>330.8</td>
<td>704</td>
<td>(55.3)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>34,042,377</strong></td>
<td><strong>32,641,333</strong></td>
<td><strong>4.3</strong></td>
<td><strong>31,236,332</strong></td>
<td><strong>4.5</strong></td>
</tr>
<tr>
<td><strong>Deferred outflows of resources</strong></td>
<td><strong>30</strong></td>
<td>—</td>
<td>NA</td>
<td>—</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>1,727,814</strong></td>
<td><strong>1,862,217</strong></td>
<td>(7.2)</td>
<td><strong>2,909,898</strong></td>
<td>(36.0)</td>
</tr>
<tr>
<td><strong>Deferred inflows of resources</strong></td>
<td><strong>4</strong></td>
<td>—</td>
<td>NA</td>
<td>—</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$32,314,589</strong></td>
<td><strong>$30,779,116</strong></td>
<td>5.0</td>
<td><strong>$28,326,434</strong></td>
<td><strong>8.7</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><strong>Additions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and service purchases</td>
<td>$1,202,788</td>
<td>$1,182,392</td>
<td>1.7</td>
<td>$1,176,667</td>
<td>0.5</td>
</tr>
<tr>
<td>Net investment and securities lending income</td>
<td>2,458,969</td>
<td>3,279,743</td>
<td>(25.0)</td>
<td>624,854</td>
<td>424.9</td>
</tr>
<tr>
<td><strong>Total additions</strong></td>
<td><strong>3,661,757</strong></td>
<td><strong>4,462,135</strong></td>
<td><strong>(17.9)</strong></td>
<td><strong>1,801,521</strong></td>
<td><strong>147.7</strong></td>
</tr>
<tr>
<td><strong>Deductions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits and refunds</td>
<td>2,111,352</td>
<td>1,993,554</td>
<td>5.9</td>
<td>1,889,983</td>
<td>5.5</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>14,754</td>
<td>15,899</td>
<td>(7.2)</td>
<td>14,939</td>
<td>6.4</td>
</tr>
<tr>
<td><strong>Total deductions</strong></td>
<td><strong>2,126,106</strong></td>
<td><strong>2,009,453</strong></td>
<td><strong>5.8</strong></td>
<td><strong>1,904,922</strong></td>
<td><strong>5.5</strong></td>
</tr>
<tr>
<td><strong>Increase/(decrease) in net position</strong></td>
<td><strong>$1,535,651</strong></td>
<td><strong>$2,452,682</strong></td>
<td>(37.4)</td>
<td><strong>($103,401)</strong></td>
<td><strong>2,472.0</strong></td>
</tr>
</tbody>
</table>

Total net position restricted for pensions increased from $30.779 billion on June 30, 2017, to $32.315 billion on June 30, 2018. These assets consist of capital assets owned by IPERS and investment portfolio assets. In FY2018, employee and employer contributions, including service purchases, totaled $1.203 billion, while total member benefits equaled $2.111 billion. The resulting $908 million contribution shortfall was funded with earnings and sales proceeds from the investment portfolio.