



# WELCOME TO IPERS!



A new member's guide to understanding the Iowa Public Employees' Retirement System (IPERS) and your benefits.



# What is IPERS?

The state's largest public retirement plan, the Iowa Legislature created IPERS in 1953 to attract and retain quality public employees, including those who teach our children, maintain our roads and parks, care for our most vulnerable residents and protect our citizens. Today, IPERS is a trust fund of more than \$40 billion that pays more than \$2 billion in annual benefits.

The Iowa Legislature and the Governor are the retirement plan's sponsors, and IPERS is the plan administrator. Federal and state laws regulate the administration of retirement plans for public employees, including IPERS. The IPERS Investment Board and the Benefits Advisory Committee provide additional oversight.

## YOU'RE IN GOOD COMPANY

**400,000+**  
MEMBERS

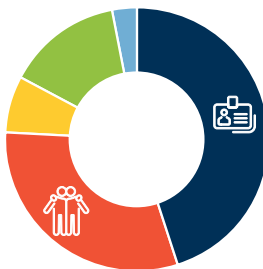
**2,000+**  
EMPLOYERS



**ONE IN 10**  
IOWANS IS AN IPERS MEMBER.

### ALL MEMBERS by Status

- Active
- Retired
- Inactive vested
- Inactive nonvested
- Retired reemployed



### ACTIVE MEMBERS by Major Employer Type

- Education
- County
- State
- City
- Other



**IPERS is a defined benefit plan**, making it different from traditional 401(k)-style plans. Defined benefit plans feature these unique qualities:

- 1** Your retirement benefit is guaranteed for life.
- 2** Your retirement benefit is based on a formula and is not dependent on the performance of the stock market.
- 3** IPERS' skilled investment team invests member and employer contributions to generate the revenue necessary to pay benefits. You don't have to make complicated investment decisions.

Still, it's important that you create a personal savings plan to supplement your IPERS retirement benefit. IPERS, your personal savings and Social Security are each important components of a financially secure retirement.

## SELECT YOUR BENEFICIARY(IES)

As a new member, it's important that you designate a beneficiary. Your beneficiary is the person, people or entity that is/are eligible to receive any retirement benefits payable upon your death. It is essential that you select a beneficiary so IPERS can carry out your wishes at your death.

To designate your beneficiary(ies), complete and return the Beneficiary Designation form available at [www.ipers.org](http://www.ipers.org) or in My Account.



# IPERS HAS THREE MEMBERSHIP GROUPS



## **Regular members:**

**You are a Regular member.** Regular members make up 95% of IPERS' membership.



## **Protection Occupations and Sheriffs/Deputy Sheriffs members:**

These are two smaller membership groups. Collectively, IPERS refers to these as Special Service members. These members work in public safety occupations.



The Iowa Legislature and Governor determine the employment positions that qualify for each membership group and the benefits provided.

The benefits for each group are somewhat different and are fully explained on IPERS' website, **[www.ipers.org](http://www.ipers.org)**.

## MEMBERSHIP STATUSES

Status	Definition
<b>Active member</b>	A member who has made contributions to IPERS during the current calendar year and has not applied for a retirement benefit or a refund.
<b>Inactive member</b>	A member who has left IPERS-covered employment, has not made contributions during the calendar year and has not applied for a retirement benefit or a refund.
<b>Retired member</b>	A member who has applied for and is receiving retirement benefits.
<b>Retired reemployed member</b>	A member who has retired from IPERS-covered employment but has since returned to work for an IPERS-covered employer.

# How the IPERS Trust Fund works

IPERS is a prefunded retirement plan. That means the money you and your employer contribute today is pooled in the IPERS Trust Fund and is invested to pay for the retirement benefit you will receive in the future. IPERS holds the investment income in the trust fund for the exclusive purpose of paying benefits to members and their beneficiaries. Investment earnings account for nearly 70% of the funds used to pay benefits. IPERS' investment staff manages the portfolio with a long-term outlook so it can weather market challenges and fluctuations.



**OF IPERS' BENEFIT PAYMENTS  
COME FROM INVESTMENT INCOME**

## Contribution rates

IPERS members and their employers contribute money each month to the IPERS Trust Fund. Members contribute a small amount directly from their paycheck. These contributions are pooled and invested to pay for future retirement benefits.

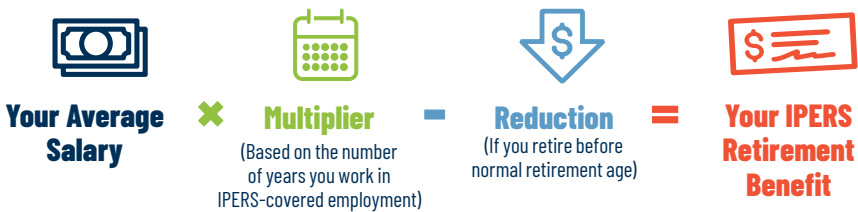
IPERS' third-party actuary performs an annual actuarial valuation study that applies actuarial assumptions and IPERS' funding policy to determine the contribution rates for members and employers. By law, the rate for Regular members cannot increase or decrease by more than one percentage point each year. Rates for all membership groups are announced annually in the fall and take effect on July 1 of the following year.



# How retirement benefits are determined

Your IPERS retirement benefit is guaranteed because it is calculated with a formula that includes your age, average salary and years of work in IPERS-covered employment. The longer you work in IPERS-covered employment, the larger your retirement benefit.

**Your IPERS retirement benefit is calculated using this formula:**



**YOUR AVERAGE SALARY** is the average of your **highest five years'** salaries. These don't have to be the five years that immediately precede your retirement.

**THE MULTIPLIER** increases two percentage points each year you work in IPERS-covered employment up to year 30. From year 31 to 35, the multiplier increases one percentage point each year. The maximum multiplier is 65% at 35 years in covered employment.

At retirement, you may "purchase service" – or buy work time – to increase your multiplier.

**A REDUCTION** is applied if you retire before you reach a normal retirement age. IPERS will reduce your retirement benefit by 0.5% for each month (or 6% annually) that you receive retirement benefits before age 65.



# THE MULTIPLIER FOR REGULAR MEMBERS

YOUR YEARS OF WORK IN IPERS-COVERED EMPLOYMENT

7	\$\$\$ 14%	<b>◀◀ AFTER SEVEN YEARS* IN IPERS-COVERED EMPLOYMENT, YOU ARE VESTED. At retirement, vested members are eligible for a monthly retirement benefit or a lump-sum payment.</b> <small>*You can also become vested if you turn 65 while working in IPERS-covered employment.</small>
8	\$\$\$\$ 16%	
9	\$\$\$\$\$ 18%	
10	\$\$\$\$\$\$ 20%	
11	\$\$\$\$\$\$\$ 22%	
12	\$\$\$\$\$\$\$\$ 24%	<b>▲▲ IF YOU WORK LONGER THAN 35 YEARS, YOUR MULTIPLIER WILL REMAIN AT 65%.</b>
13	\$\$\$\$\$\$\$\$\$ 26%	
14	\$\$\$\$\$\$\$\$\$\$ 28%	
15	\$\$\$\$\$\$\$\$\$\$\$ 30%	
16	\$\$\$\$\$\$\$\$\$\$\$\$ 32%	
17	\$\$\$\$\$\$\$\$\$\$\$\$\$ 34%	
18	\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 36%	
19	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 38%	
20	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 40%	
21	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 42%	
22	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 44%	
23	\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$\$ 46%	
24	\$ 48%	
25	\$ 50%	
26	\$ 52%	
27	\$ 54%	
28	\$ 56%	
29	\$ 58%	
30	\$ 60%	
31	\$ 61%	
32	\$ 62%	
33	\$ 63%	
34	\$ 64%	
35+	\$ 65%	

# RETIREMENT ELIGIBILITY

Regular members who meet the following requirements can collect a retirement benefit.

- ✓ A vested IPERS member
- ✓ AND are at least age 55
- ✓ AND the retirement benefit is at least \$50 monthly (Retirement benefits that are less than \$50 per month are paid in a one-time lump sum.)





## Normal Retirement Age

To avoid an early retirement reduction, Regular members must meet a normal retirement age. IPERS often refers to normal retirement age as “rules.” Normal retirement age is one of the following, whichever comes first:

- When your age plus years worked in IPERS-covered employment equals or exceeds 88 (**Rule of 88**)
- Age 62 with 20 or more years of IPERS-covered employment (**Rule of 62/20**)
- **Age 65**

# A RETIREMENT BENEFIT CALCULATION EXAMPLE

Let’s say you retire at **normal retirement age** with **20 years of work in IPERS-covered employment** and **an average salary of \$50,000**. Your benefit calculation would look like this:

						
<b>\$50,000</b>	<b>×</b>	<b>40%</b>	<b>–</b>	<b>\$0</b>	<b>=</b>	<b>\$20,000</b>
Average Salary		Multiplier based on 20 years in IPERS-covered employment		Normal retirement age was met, no reduction applies		Your Annual IPERS Retirement Benefit

This is for illustrative purposes only.



# IPERS membership advantages

- ✓ **Easy, automatic retirement savings.** Automatic deductions from your paycheck ensure that you save for retirement.
- ✓ **Guaranteed lifetime benefit.** IPERS provides predictable retirement benefits based on a formula, not stock market performance.
- ✓ **Security.** IPERS is a healthy, well-funded retirement plan. IPERS' administrators continually scrutinize IPERS' financial statements. With oversight from the IPERS Investment Board and the Benefits Advisory Committee, IPERS' administrators continually evaluate the plan's programs and sustainability.
- ✓ **Accountability.** The Iowa Legislature authorizes spending from the IPERS Trust Fund for administrative expenses. IPERS closely monitors and negotiates investment management expenses and operates with a small, efficient staff. Annual financial statements are available at [www.ipers.org](http://www.ipers.org).
- ✓ **A safety net.** IPERS provides death and disability benefits that protect you and your family.
- ✓ **Portability.** You are always entitled to 100% of your IPERS contributions and interest earnings. If you change jobs to another IPERS-covered position, you will continue to contribute to your retirement account. If you leave IPERS-covered employment for a non-covered employer, you may leave your money with IPERS, receive a refund of your contributions or roll all or some of your money to another qualified retirement plan such as a 401(k) or an IRA.

If you are vested and decide not to leave your money in IPERS, you will receive all your contributions and a portion of your employer's contributions, based on the years you worked in IPERS-covered employment.

# Member resources

Anytime during or after your career in public service, we encourage you to access the resources IPERS provides to help you understand your benefits and plan for retirement. Note that IPERS staff can answer questions about IPERS benefits only. A financial planner should aid you in reaching your broader retirement goals.

## Individual counseling

IPERS offers different kinds of one-on-one retirement counseling, so you can choose the option that best suits you:

- **In-person counseling by appointment** at our offices in Des Moines.
- **In-person walk-in counseling** at our offices in Des Moines. (IPERS prefers that you make an appointment for in-person counseling so you can receive services as quickly as possible.)
- **Phone counseling**

## Group education

IPERS offers day-long, virtual education sessions for members within three to five years of retirement. The sessions cover a range of topics including IPERS benefits, Social Security, Medicare and more.

## Online resources

IPERS' website – [www.ipers.org](http://www.ipers.org) – provides a comprehensive overview of the plan, including access to topic-specific publications, on-demand videos and more. My Account is your online IPERS retirement toolkit and gives you access to your individual retirement benefits information. Learn more at [www.ipers.org/myaccount](http://www.ipers.org/myaccount).

## Annual benefits statements

Each year, IPERS produces a benefits statement for active and inactive members that summarizes your service credits, reported wages, contributions, estimated benefit amounts and beneficiary information. You can also contact IPERS and request a benefit estimate or generate them at your convenience in My Account.

## Alternate plan coverage

Iowa law provides that employees of Community Colleges, State Board of Regents and water utilities are IPERS-covered unless they decide to participate in an authorized alternative retirement plan sponsored by their employer. Also, some specific positions may choose not to participate in IPERS, regardless of whether their employer offers an alternative plan. Please refer to IPERS' Member Handbook for more information.



## **Disclaimer**

This booklet briefly explains certain rights and benefits of IPERS membership. It is not a substitute for federal and state laws governing IPERS, which provide complete information and are subject to change. Although IPERS makes every attempt to ensure its materials are accurate and up to date, any conflict between the contents of the booklet and law must be resolved in favor of the law. The Member Handbook provides a more detailed description of IPERS benefits. It is available at [www.ipers.org](http://www.ipers.org).

## **IPERS Member Privacy Statement**

**Your personal and financial information is private.**

- To manage your benefits, IPERS must collect and keep private information about you.
- Your private information includes your name, address, Social Security number, member ID, My Account username, password, beneficiary, account balance and benefit payments.

**IPERS does not share your private information with anyone unless the law specifically allows it or you approve it in writing.**

- IPERS may share certain information with others when necessary to perform our official governmental duties, such as sending annual statements.
- Those who receive your private information must keep it secure.

**IPERS keeps your private information in a secure record. You may:**

- Obtain copies of information in your record at no charge.
- Ask IPERS to correct wrong information contained in your record. When correcting information, IPERS must keep the original entry plus the correction.
- Access some of your information at a secure location on the IPERS website at [www.ipers.org](http://www.ipers.org).

**IPERS protects your private information. We:**

- Issue you a member ID to limit the use of your Social Security number.
- Issue you a My Account username to keep your online data secure.
- Secure and control access to paper and electronic copies of your record. This includes confidential information from another source, such as tax or medical records.
- Maintain up-to-date security on computer networks and the IPERS website.
- Discourage you from sending IPERS your private information by email, which is not secure.
- Shred all discarded papers that include private information.
- Store an electronic backup copy of your record in a second location.
- Bond staff and perform background checks before hiring staff.
- Prohibit staff from working on their own financial records and those of friends and family.
- Require proof of identity for requests for private information and financial transactions, including withdrawing funds from IPERS.
- Will not sell or give membership or mailing lists to others.
- Will not forward others' marketing materials to members or their beneficiaries.

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[www.ipers.org](http://www.ipers.org)

## QUESTIONS?

Please contact us!

**515-281-0020**

**800-622-3849**

Monday – Friday

7:30 a.m. – 5 p.m.

Central Time

Fax: 515-281-0053

**[info@ipers.org](mailto:info@ipers.org)**

### MAILING ADDRESS

Iowa Public Employees'

Retirement System

P.O. Box 9117

Des Moines, IA 50306-9117

### OFFICE HOURS

Monday – Friday

8 a.m. – 4:30 p.m.

Central Time

7401 Register Drive

Des Moines, IA 50321

