IPERS®

Ready, Set, Retire

Name, Senior Retirement Benefits Officer
Date

About IPERS

- Trust fund = $50 billion
- Largest public retirement system in Iowa
- Defined benefit program
  - Lifetime retirement benefits are paid based on a formula, not on the amount of contributions.
  - Formula includes age, years of service and highest average salary.

RETIREMENT BENEFIT CALCULATION

Your Average Salary x **Multiplier** (Based on years in IPERS-covered employment) – **Reduction** (If you retire before normal retirement age) = **Your Retirement Benefit**

Defined Benefit vs. Defined Contribution Plan

	IPERS (Defined **Benefit** Plan)	**401(k), 403(b), etc.** (Defined **Contribution** Plan)
Guaranteed Benefit	YES. Monthly retirement benefit is guaranteed for life.	NO. Benefit fluctuates with market performance.
Investment Risk	Pooled investments. IPERS takes on all the risk.	YOU take on all the risk.
Withdrawals & Loans	NOT AVAILABLE	TYPICALLY AVAILABLE
Vesting	100% in *your* contributions	100% in *your* contributions
Portability	YES	YES
Death Benefits	YES	YES
Disability Benefits	YES IPERS provides disability benefits depending on certain qualifications.	NO Defined contribution plans do not usually provide disability benefits.
Fees & Expenses	INCLUDED	TYPICALLY HIGH

Membership Groups

FY2026 Contribution Rates

Regular:	
6.29% member	9.44% employer

Protection Occupations:	
7.885% member	7.635% employer

Sheriffs/Deputy Sheriffs:	
12.335% member	12.085% employer

Contributions are based on gross wages.

IPERS can increase or decrease the contribution rates for Regular members by up to 1% following a yearly actuarial valuation.

Vesting

Complete seven years (28 quarters) of IPERS-covered employment.

OR

Turn age 65 while working in IPERS-covered employment.

Complete four years (16 quarters) of IPERS-covered employment.

OR

Turn age 55 while working in IPERS-covered employment.

What Is Vesting?

Entitles you to:

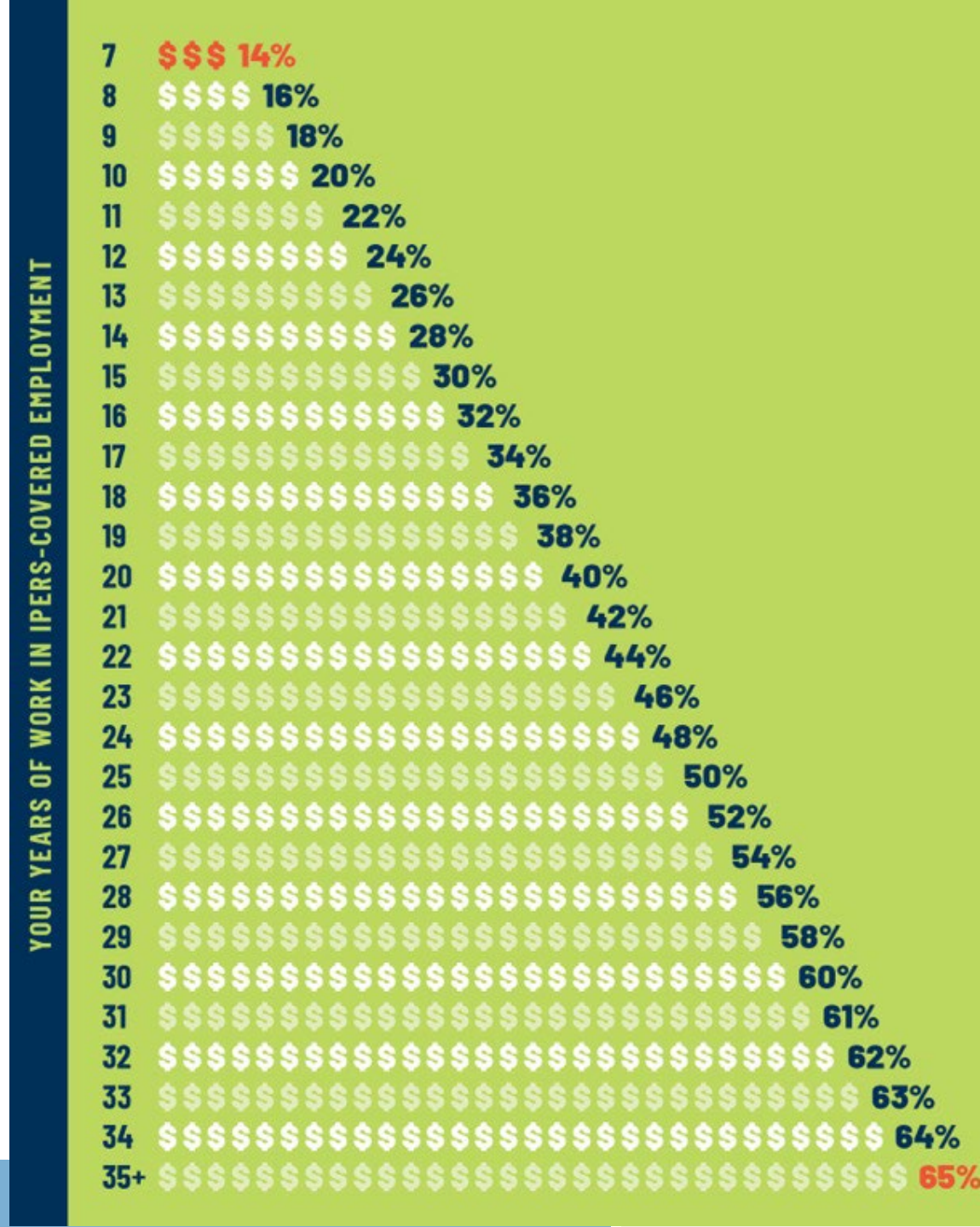
A monthly retirement or disability benefit.

A portion of your employer's investment, if a refund is taken.

Ability to purchase service at retirement
(if vested by years of service, not age alone).

Retirement Benefit Formula

- Multiplier increases 2% yearly for the first 30 years.
- Multiplier increases 1% yearly for years 31–35.
- Early retirement reduction applies if you retire before normal retirement age.



Normal Retirement Age

Rule of 88

Years of service + your age = 88 or more

Rule of 62/20

Age 62 with 20 or more years of service

Age 65

Regardless of years of service

Meeting Normal Retirement Age does not maximize the multiplier.

Early Retirement Reduction

If you receive retirement benefits before reaching normal retirement age, reductions will apply.

Service earned before July 1, 2012

Reduced 3% a year

From nearest normal retirement age

Service earned after June 30, 2012

Reduced 6% a year

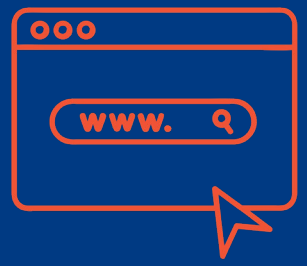
From age 65

Free Service Credits

- Increase your retirement benefit.

- **Receive free service credit if you:**

  - Have a leave of absence (LOA) prior to 1998.
  - Have active military service while in IPERS-covered employment.
  - Were granted up to 12 weeks of FMLA per year.



Application is available at www.ipers.org/forms.

Purchasing Service Credits

Service Purchase Types

- Nonqualified service (“air time”): **Five-year limit.**
- Refunded IPERS service (buy-back).
- Other public employment (if *not* eligible to draw pension from another system).
- Active military duty/LOA time not eligible for free credit.
- IPERS buy-up credit conversion (hybrid members).

Purchasing Service Credits

Pre-Retirement	Post-Retirement
Cost Estimate is done under option 2*. **Details on upcoming slides*	**Cost Estimate** is done under the option you choose.

Purchase at Retirement

- Request a service purchase cost ***estimate***.
- Save money in a separate retirement account that can be rolled to IPERS as a payment.
- You are not obligated to purchase service if you request a quote.

Retirement Benefit Estimates

- Request benefit estimates before choosing a retirement date.
- Working a little longer could increase benefits significantly.
- You may be eligible to retire earlier.

Sample Retirement Benefit Estimate

IPERS Benefit Estimate for: Nearing Retirement IPERS Member
Member ID: 1234-5678

Information we used to figure your estimate

When you will start receiving benefits	
Month you leave employment	06/2029
Month of last paycheck	07/2029
First month of entitlement	07/2029

Normal or early retirement?		
Birth date		07/25/1962
Nearest age at retirement		67
	Before July '12	*After June '12*
Months to go before normal retirement age	0	0
Early retirement percentage	100.00%	100.00%
Disability benefits		N

Contingent annuitant (CA)	
Relationship	Other
Birth date	12/29/1963
Nearest age at your retirement	66

Years of service and multiplier		
Membership class		Regular
	Before July '12	*After June '12*
Years of service	14.75	17.25
Assumed Regular service purchase	0.00	0.00
Total years of service		32.00
Future quarterly service		4
Regular class multiplier		62.000%
Sheriff class multiplier		0.000%
Protection class multiplier		0.000%

Contributions	
Investment	$121,920.52
Service purchase cost estimate	$0.00
Total	$121,920.52

Regular class average salary calculation		
Current salary		$86,676.53
Yearly salary increase rate		2.00%
Highest salaries	2028	$93,821.46
	2027	$91,981.83
	2026	$90,178.26
	2025	$88,410.06
	2024	$86,676.53
Average salary used in benefit		$90,213.63

Benefit Payment Options

All paid for life

Option 1	Option 2	Option 3	Option 4	Option 5	Option 6

IMPORTANT:

You cannot change your benefit payment option after you receive your first payment.

Death benefits differ per option.

Annuity With Fixed Lump-Sum Survivor Benefit

Example:

- A lifetime monthly retirement benefit of approximately **$4,664.13.** After your death, your designated beneficiary(ies) will receive a one-time lump-sum death benefit of $1,000.
- If your investment is at least $2,000, you may designate a higher death benefit amount, in increments of $1,000. Your monthly retirement benefit will be reduced by **$2.35** for each additional $1,000 in death benefits.
- If you designate **$61,000** for the death benefit, your monthly benefit will be about **$4,523.13.**
- If you choose the maximum death benefit amount of **$121,000**, your monthly benefit will be about $**4,382.13.**

Annuity With Variable Decreasing Lump-Sum Death Benefit

Example:

- A lifetime monthly retirement benefit of approximately **$4,661.04.**
- If gross benefits paid to you during your lifetime are less than your investment of **$121,920.52**, your designated beneficiary(ies) will receive a lump-sum payment of the remaining amount after your death.

Single Life Annuity

Example:

- A lifetime monthly retirement benefit of approximately **$4,666.48.** This option does not provide a payment after your death.

120-Month Term Certain Annuity

Example:

- A lifetime monthly retirement benefit of approximately **$4,518.88.**
- We guarantee to pay **$542,265.60** to you and/or your sole beneficiary. Your own monthly benefit is not limited to a 10-year period. However, if you die before you have received benefits for 10 years, the following applies:
  - If you have designated only one beneficiary, your beneficiary will receive the same monthly benefits for the remainder of the 10 years. Your beneficiary cannot choose to receive a one-time lump-sum death benefit.
  - If you have designated more than one beneficiary, or if your beneficiary is an entity, such as an estate, instead of a person, your beneficiaries will receive a lump-sum death benefit.
- If you and your beneficiary(ies) die before you have received benefits for 10 years, your beneficiary's estate will receive a lump-sum death benefit.
- The amount of a lump-sum death benefit paid under Option 5 will not be the amount of the remaining 10 years of monthly payments. Instead, it will be the present value of the guaranteed future payments.

Beneficiaries and Contingent Annuitant

Option 1	Option 2	Option 5

Your beneficiary(ies) can change if the death benefit remains.

Option 3

No death benefit.

Option 4	Option 6

You will name a contingent annuitant rather than a beneficiary.
Unlike a beneficiary, a contingent annuitant can never change.
You can name only one CA and cannot change your CA after you start receiving monthly retirement benefits, even if that person dies before you or in the case of divorce.

Option 4

100%, 75%, 50% or 25% Joint and Survivor Annuity

Example:

- A lifetime monthly retirement benefit for you, and a lifetime monthly death benefit for your contingent annuitant (CA) if that person lives longer. You can name only one CA and cannot change your CA after you start receiving monthly retirement benefits, even if that person dies before you or in the case of divorce. You must provide proof of your CA's birth date and choose one of the following:

After your death, CA will receive	Your monthly retirement benefit (approximately)	CA's monthly benefit (approximately)
100% of your monthly benefit amount	$4,091.23	$4,091.23
75% of your monthly benefit amount	$4,221.32	$3,165.99
50% of your monthly benefit amount	$4,359.96	$2,179.98
25% of your monthly benefit amount	$4,508.02	$1,127.01

100%, 75%, 50% or 25% Joint and Survivor Annuity With Pop-up Annuity

Example:

- A lifetime monthly retirement benefit for you, and a lifetime monthly death benefit for your contingent annuitant (CA) if that person lives longer. You can name only one CA and cannot change your CA after you start receiving monthly retirement benefits, even if that person dies before you or in the case of divorce. You must provide proof of your CA's birth date and choose one of the following:

If your CA dies before you, your monthly retirement benefit will increase to the amount you would have received if you had chosen Option 2.

You may then designate a new beneficiary for your Option 2 death benefit, if any.

After your death, CA will receive	Your monthly retirement benefit (approximately)	CA's monthly benefit (approximately)
100% of your monthly benefit amount	$4,016.44	$4,016.44
75% of your monthly benefit amount	$4,161.53	$3,121.15
50% of your monthly benefit amount	$4,317.48	$2,158.74
25% of your monthly benefit amount	$4,485.59	$1,121.40

Pre-Retirement Death Benefits

- Designated **sole beneficiary of a vested member** can elect a lump-sum payment or lifetime monthly death benefits.
- If designated beneficiary is **more than one individual, an estate or entity**, death benefit can only be paid as a lump-sum payment.
- If **no beneficiary** has been designated, a lump-sum payment is made to the estate.

Applying for Retirement

- Must be age 55 or older unless you are vested and eligible for IPERS disability benefits.
- Must submit a **completed** retirement application.
- Benefits are paid on the **last business day** of the month.
- Must **leave all IPERS-covered employment** unless you are age 70 or older.

Returning to Work

Bona Fide Retirement

To return to work with an IPERS-covered employer, you must meet the requirements of a Bona Fide Retirement:

- You have submitted a retirement application and IPERS has approved it.
- You are receiving retirement benefits.
- You have left employment with all IPERS-covered employers, including non-covered positions, with no written or verbal agreements to return.

IMPORTANT:

There is a financial penalty for violating this requirement.

Returning to Work

Bona Fide Retirement

For example, you receive your FIRST BENEFIT payment as a new retiree in January:

You can continue or begin employment with a non-IPERS-covered employer ANYTIME.

The first of February (the month after you receive your FIRST benefit payment), you can:

- Enter into a written or verbal agreement to perform services as an employee, independent contractor or volunteer for an IPERS-covered employer.
- Work as an independent contractor for, or in a non-IPERS-covered position with, an IPERS-covered employer.

The first of May (the month after you receive your FOURTH benefit payment), you can:

- Serve as an employee or volunteer for an IPERS-covered employer in an IPERS-covered position.

Returning to Work

Independent Contractor

Bona Fide Retirement is not achieved if you:

Enter into a verbal or written arrangement to perform duties for your former employer(s) as an **independent contractor** prior to receiving one retirement benefit payment;

OR

Perform any duties for your former employer(s) as an independent contractor prior to receiving **one** month of retirement benefit payments.

Reemployment Guidelines

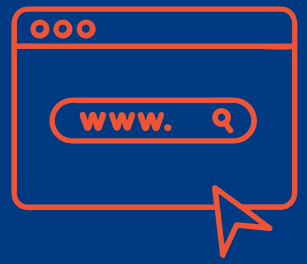
- You must have a Bona Fide Retirement.
- You need to know the Social Security earning limits.
- Contact IPERS about specific elected official/appointed position rules/questions.
- There are other exceptions to the Bona Fide Retirement period.

It's your responsibility to contact IPERS if you are returning to an IPERS-covered position.

Reemployment Guidelines

Applies to IPERS-covered employment only

- $50,000 annual earnings limit.
  - Benefits reduced 50 cents for each dollar earned over the limit.
- No earnings limit after age 65.
- Upon second retirement, complete the Reemployment Termination Verification form.



Forms are available at www.ipers.org/forms.

Taxes

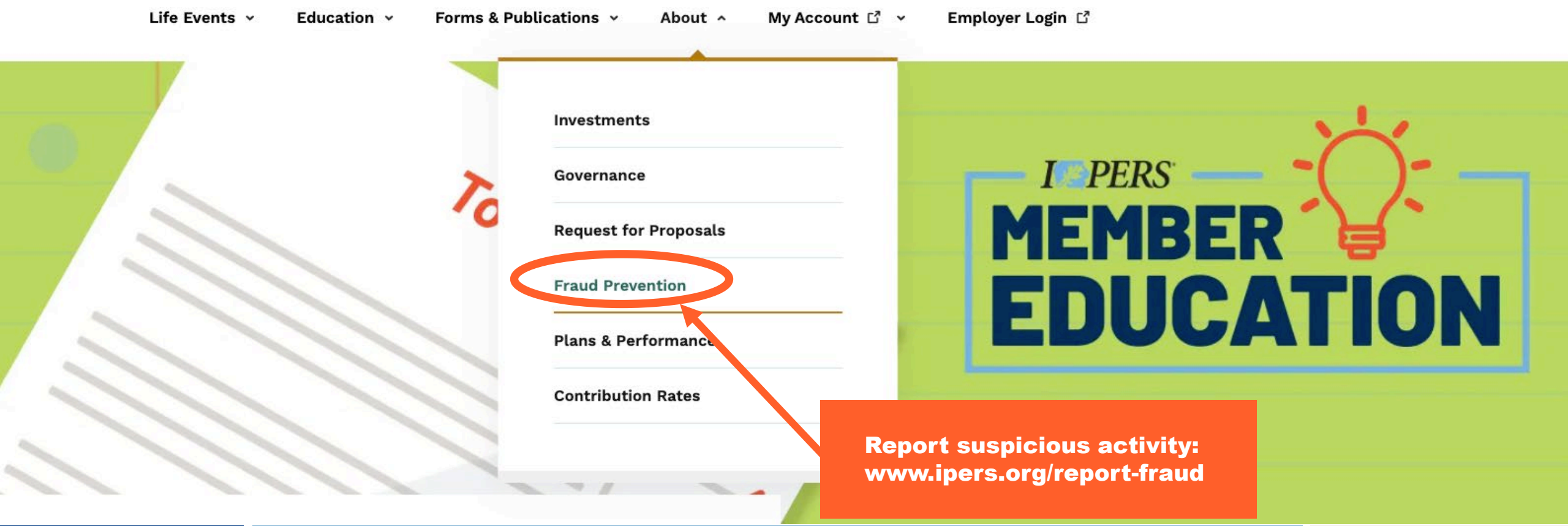
- Benefit payments are subject to all applicable federal income tax.

As of January 1, 2023, IPERS benefit payments are exempt from all personal state income tax, ***but the State of Iowa requires opting out of the withholding on the W-4P.***

Each January, IPERS mails a 1099-R to all retirees.

Fraud Prevention

IPERS is committed to protecting your personal information and takes steps to prevent fraud and identity theft.

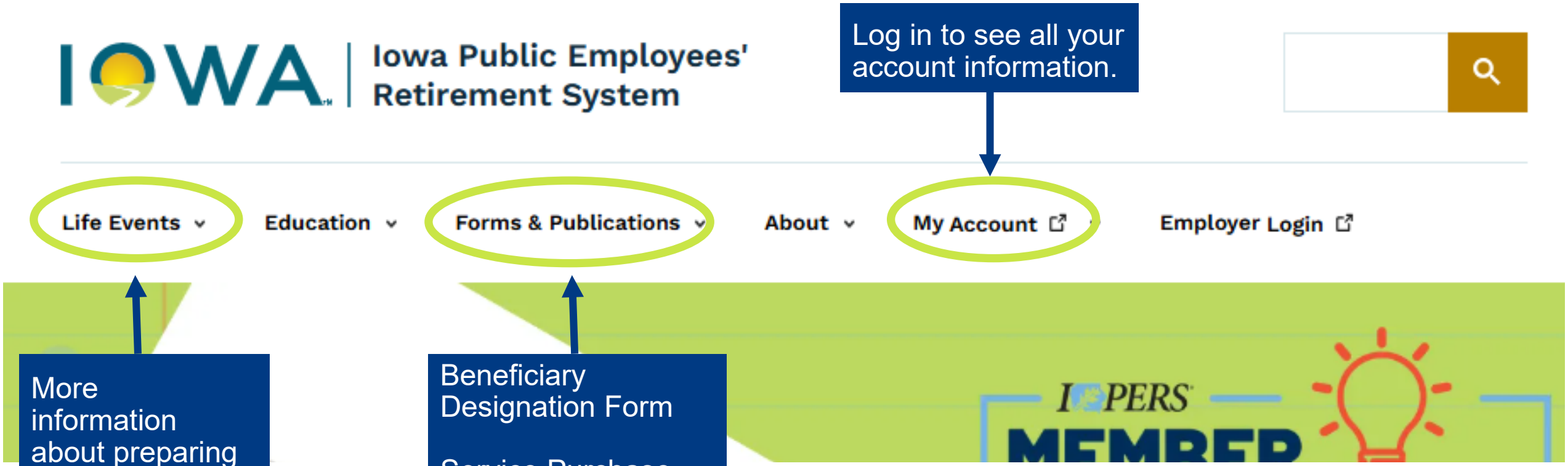


Fraud Prevention

Report suspicious activity to IPERS if:

- You believe your IPERS account has been compromised.
- You may have provided personal identifiable information to an imposter or fraudster.
- You are contacted by someone falsely claiming to represent IPERS.

Navigating www.ipers.org



Log in to see all your account information.

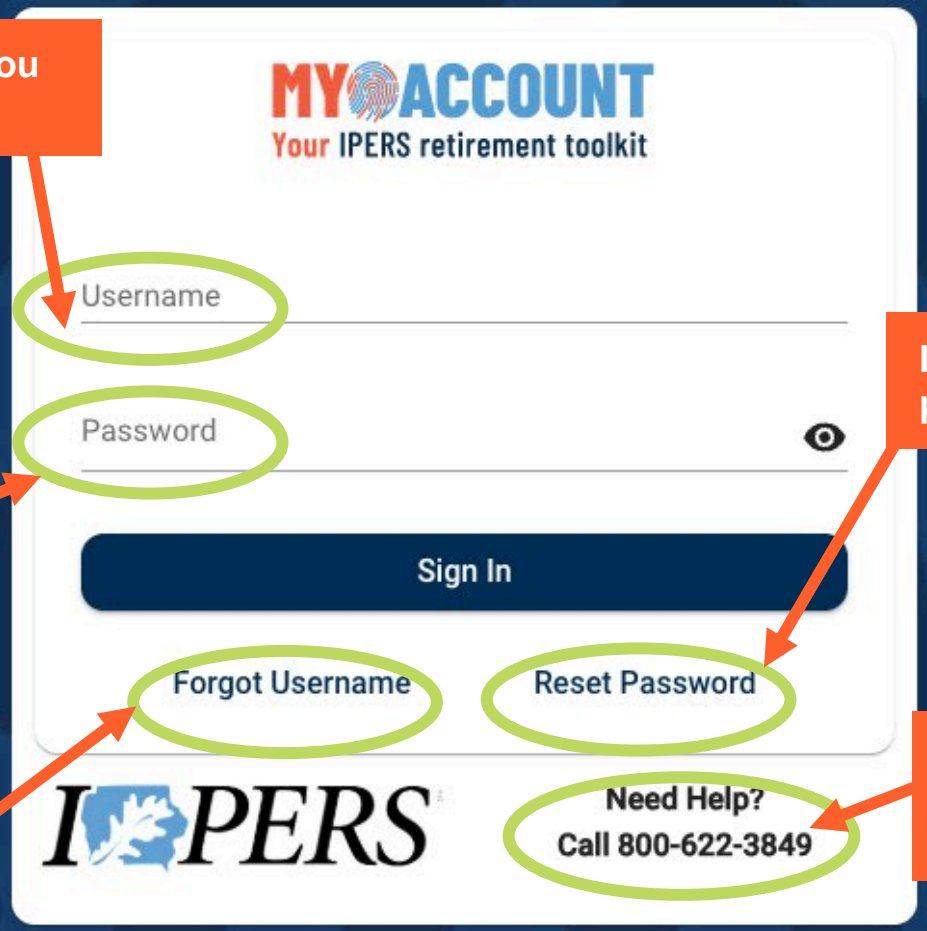
More information about preparing for retirement.

Beneficiary Designation Form

Service Purchase Application

Military Application

www.ipers.org/myaccount



IPERS creates, you cannot change it

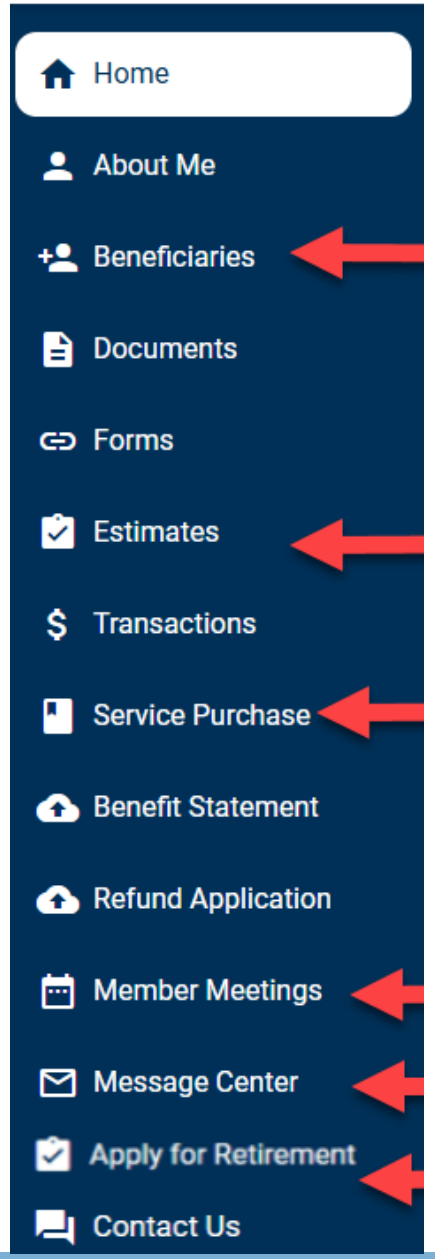
Only you should know your password

If you forgot your username

If you forgot your password

If you need assistance accessing your account

Navigating My Account



Check or Update Beneficiaries

Pension Estimates

Service Purchase Estimate

Schedule a Meeting

Secure Messaging

Apply for Retirement

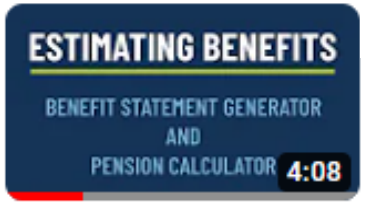
My Account Instructional Videos

My Account | An Overview

Logging in to My Account

Service Purchase Estimator

Updating Payment Preferences in My Account



Estimating Benefits With My Account

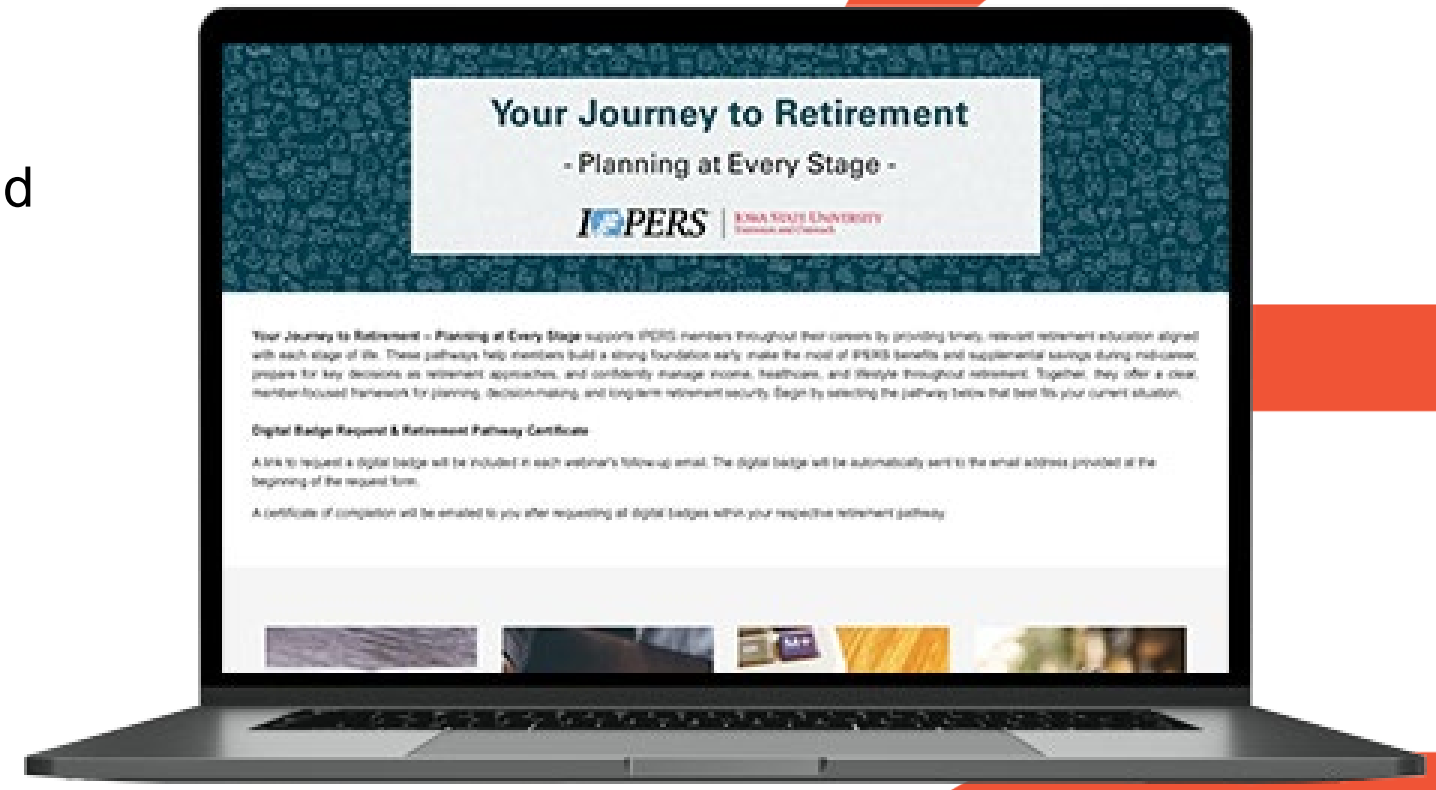
Designate Your Beneficiary in My Account

Schedule Meetings in My Account

Education for Near-Retirees

www.ipers.org/education

- Introduction to Retirement Income and Expenses
- Using Investment Accounts in Retirement
- Social Security: Understanding Your Options
- Welcome to Medicare
- Navigating Life After Work
- And more!



Thank You

Contact Us

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