STRATEGIC PLAN FY2025–FY2030

UPDATED FOR FY2027

MISSION STATEMENT

The Iowa Public Employees' Retirement System (IPERS) is the fiduciary responsible for administering the IPERS Trust Fund. IPERS exists for the exclusive benefit of its members and fulfills its obligations to cost-effectively pay benefits, maintain stable contribution rates, protect member information and provide outstanding service.

VISION STATEMENT

IPERS is committed to maintaining its status as one of the nation's most well-funded public retirement plans and seeks to establish itself as an innovative leader in the delivery of service to all stakeholders.

CORE VALUES

Independence and Loyalty: IPERS is loyal to its members and acts exclusively for their benefit.

Integrity: IPERS conducts its business legally, honestly, fairly and with diligence.

Best in Class: IPERS hires and retains the best staff; seeks world-class investment results; and acquires, operates and maintains state-of-the-art technology, risk control systems and fraud prevention processes.

Accountability: IPERS takes full responsibility for its decisions, actions and performance.

Transparency: Unless precluded by law, IPERS' actions are transparent to all stakeholders.

Expert Resource: IPERS is the expert in the administration of the retirement plan, and it provides critical support to the IPERS Investment Board, the Benefits Advisory Committee, the Governor's office and legislators so they can make informed decisions.

IPERS OVERVIEW

The Iowa Legislature established the Iowa Public Employees' Retirement System (IPERS) on July 4, 1953, to replace the Iowa Old-Age and Survivors' Insurance System. At that time, the Legislature also voted to include Iowa's public employees in the federal Social Security plan, retroactive to 1951. Iowa Code chapter 97B was created to govern IPERS and the IPERS Trust Fund that pays member benefits. The Governor and the Iowa Legislature, as creators of the plan, are the plan sponsors. Initially, IPERS was a money purchase system that calculated benefits based on contributions. Today, IPERS is a cost-sharing, contributory defined benefit plan that determines lifetime benefit payments based on a formula that uses years of service, average salary and a multiplier. IPERS is diligent in maintaining its tax qualification under the Internal Revenue Code. IPERS benefits are designed to provide an adequate retirement income when combined with Social Security benefits and individual savings.

Most public employees in Iowa become IPERS members when their employment with an IPERS-covered entity begins. Covered employers include public schools, state agencies, counties, cities, townships and other public entities. IPERS coverage does not extend to judges, peace officers in the Iowa Department of Public Safety, police and fire personnel covered by the Municipal Fire and Police Retirement System of Iowa and university and community college personnel who select other coverage. As a multiple-employer, cost-sharing pension plan with more than 400,000 members, IPERS is the largest public pension system in Iowa. In FY2025, the IPERS Trust Fund paid $2.8 billion in benefits, including $2.4 billion paid to Iowans.

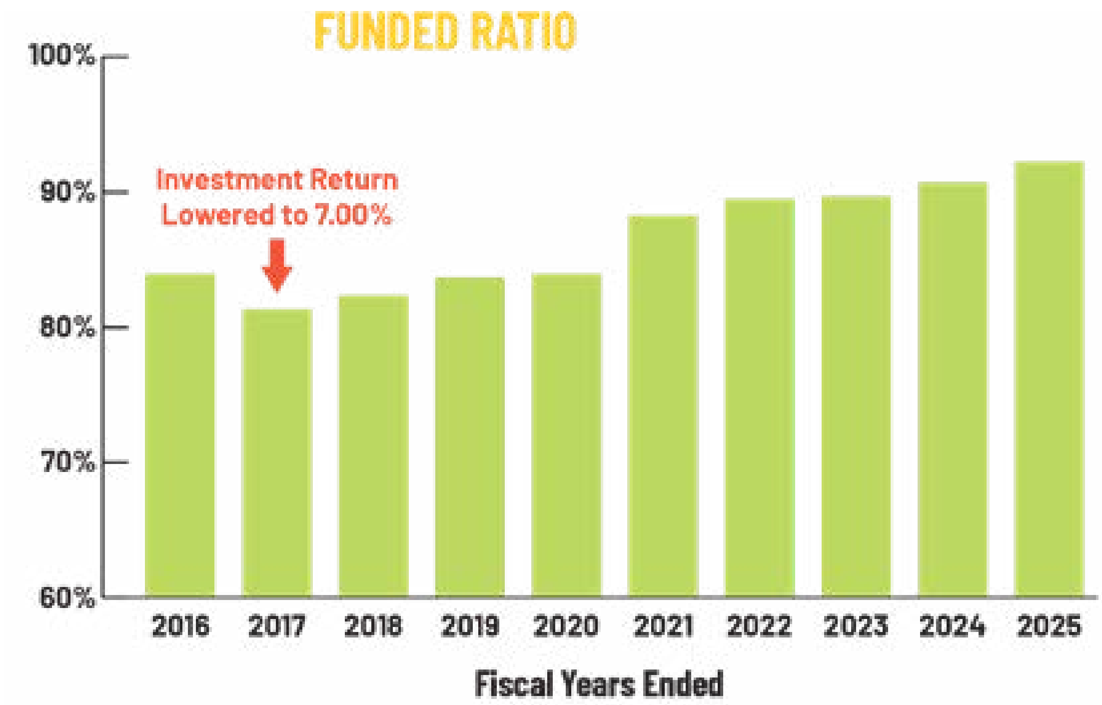
ASSESSMENT

INTRODUCTION

IPERS' mission statement embodies four key ongoing and long-term objectives: 1) Achieve a fully funded financial position while maintaining stable or lessening contribution rates, 2) Cost-effectively administer IPERS' benefits program, 3) Provide outstanding member service and 4) Protect confidential member information. IPERS continually strives to identify the opportunities and barriers that help and hinder its progress toward achieving each objective. Every fall, in advance of the approaching legislative session, IPERS' ability or inability to successfully fulfill its mission drives its request for budget, staffing and policy-related needs. IPERS will continue to engage its Investment Board, the Governor's office and legislators about the support that's necessary for IPERS to fully deliver on its mission.

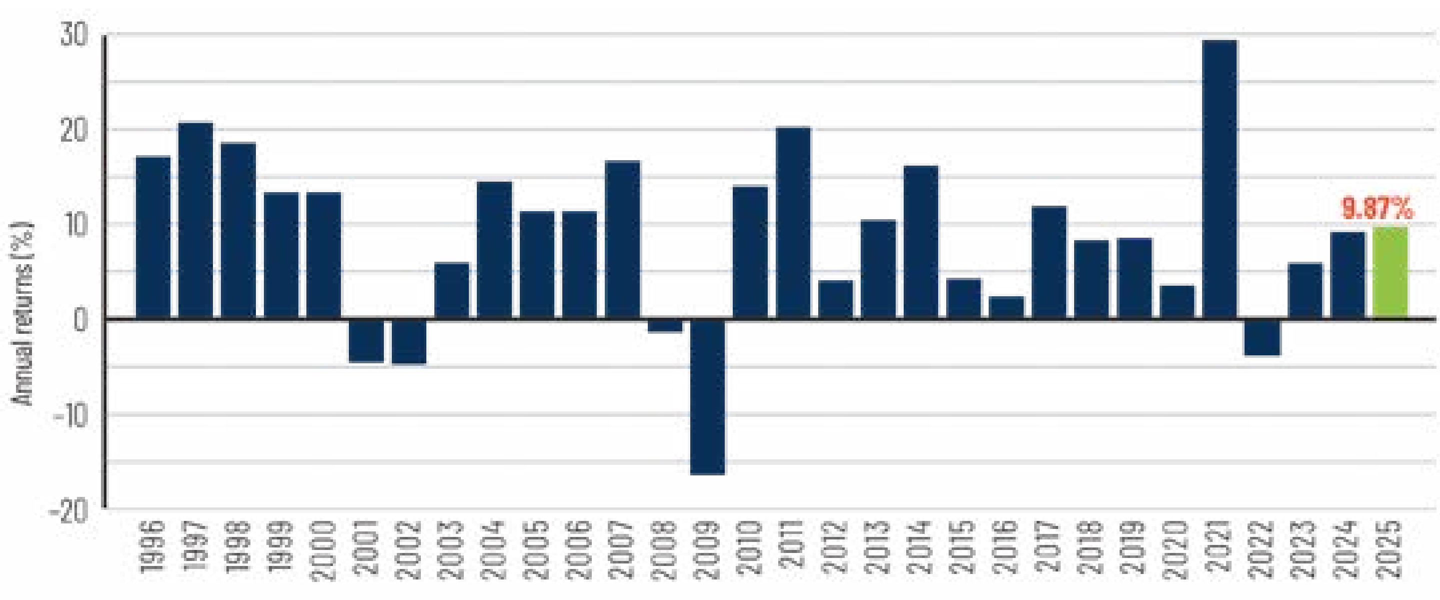
FUNDED POSITION AND CONTRIBUTION RATES

As of the end of FY2025, IPERS had achieved an overall funded ratio of 92.2%.[1] At actuarially planned contribution rates, the remaining unfunded liability is scheduled to be extinguished by the end of FY2044. However, due to historically strong investment returns and contributions that exceed the required minimum, IPERS is on track to eliminate the unfunded liability by the end of the next decade. Just as important, IPERS has not needed to increase contribution rates for Regular members since the Investment Board lowered the investment return assumption in 2017.



[1] The funded ratio is the ratio of assets to total accrued liabilities. Most public pension plans are seeking, over time, to achieve funded ratios of more than 100%. On this measure, IPERS is one of the best-funded large pension plans in the country.

INVESTMENT RETURNS



The underpinning of IPERS' strong financial position is its history of above average investment returns. Through the end of FY2025, IPERS' Investment Division earned a 10-year annualized return of 8.06%. To meet the funding targets described, an annualized return of 7.00% is required. Superior investment returns are credited to the Investment Division's experience and success scouring the world for the best returns possible at a controlled level of risk. The Investment Board creates the policies that allow the Investment Division to pursue the most innovative and opportunistic investments available—a flexibility few other plans enjoy.

INVESTMENT PERFORMANCE

IPERS' investment policy goal is to maximize the total rate of return on investments with prudent risk parameters. Solid performance over time is important.

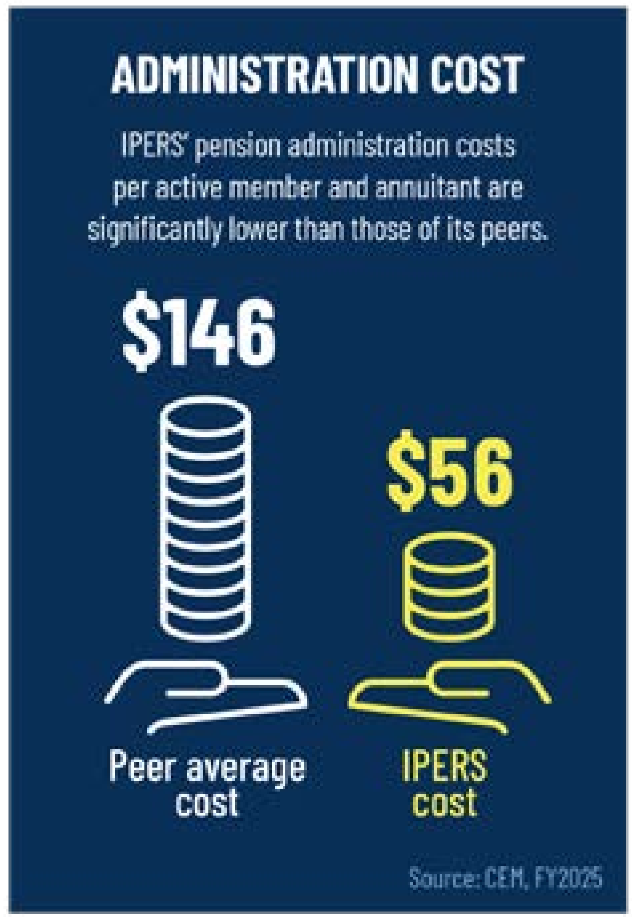
9.87%
FY2025 Investment Return

7.00%
Long-Term Investment Assumption

IPERS ADMINISTRATION COSTS

IPERS pays administrative and investment expenses to manage the IPERS Trust Fund, to serve members and to protect members' information. IPERS' goal is to maintain a low-cost operation in comparison to its peer state pension plans. IPERS has hired the industry-leading firm CEM to analyze its costs and performance compared to other public plans. According to the latest CEM study, IPERS' administrative costs represent $56 per member annually (active and retired members). Peer plans' average administrative costs represent approximately $146.

IPERS' investment expenses are also low compared to those of its peers—even though IPERS' investment performance exceeds its peer average. According to the most recent CEM study, IPERS' investment costs totaled 44.7 basis points ($193,760) compared to its peer average of 63.1 basis points.[2] CEM Benchmarking reported IPERS' five-year net total return at 7.6% compared to 6.3% for its peers.



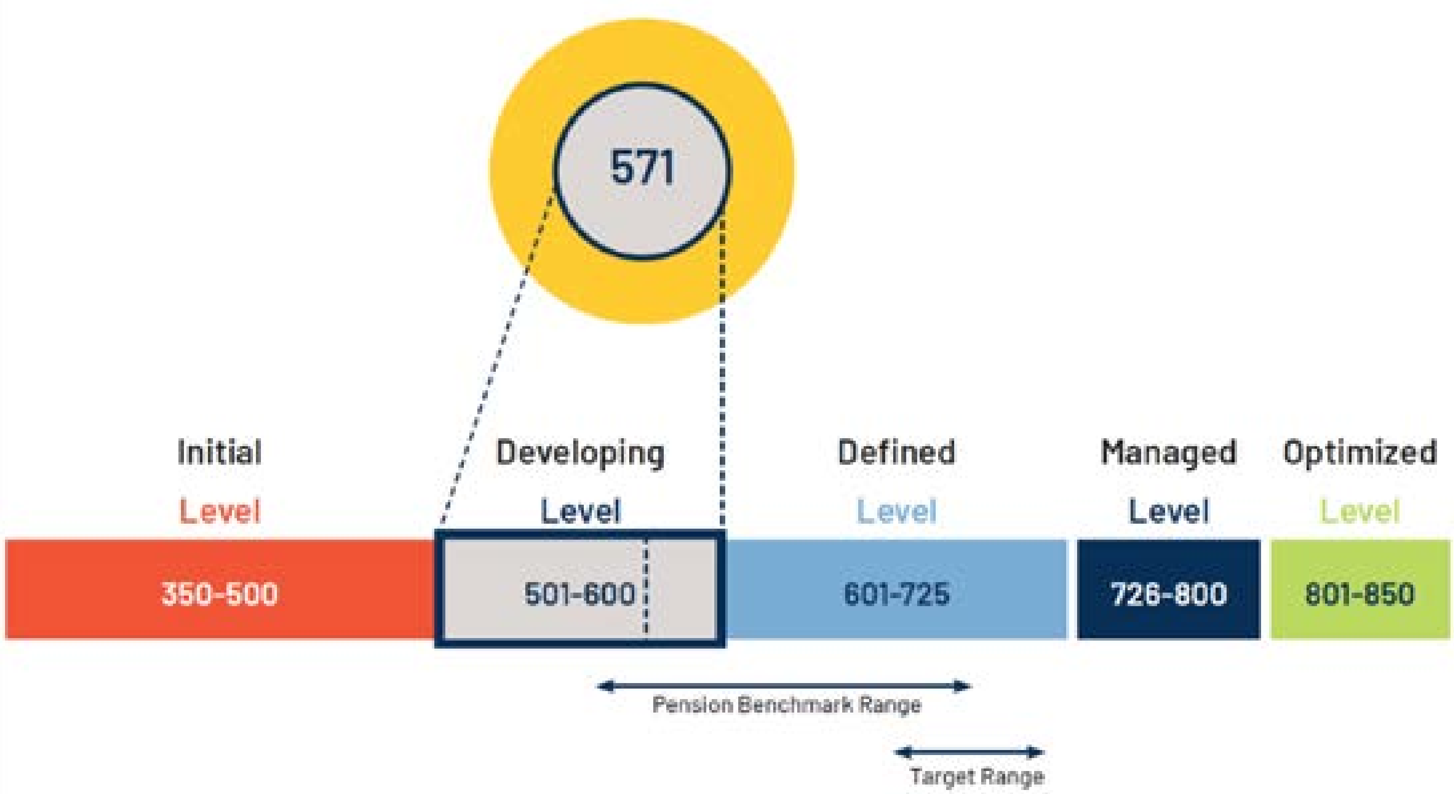
Footnote:

CEM's investment expense calculations include direct and imputed private investment management fees but not carried interest calculations. IPERS' FY2025 Annual Comprehensive Financial Report shows investment expenses as $58.87 million. The difference is that the annual report amount does not include imputed private investment management fees; it includes only actual directly paid fees.

PROTECTION OF MEMBER INFORMATION AND ACCOUNTS

In early 2023, IPERS commissioned Linea Solutions, a risk management and cybersecurity firm, to examine its current operating environment and identify risks.

Linea gave IPERS' business process program a score of 571, which represents a "Developing" program and suggests that IPERS' processes are promising and within the range of some of its peers. But Linea believes that with better staffing and program improvement, IPERS could reach its target score of 650–725.



FY2025-FY2030 STRATEGIC PLAN

1. Program: Investment Management

This program is designed to ensure sound implementation of IPERS' Investment Policy and Goal Statement as adopted by the Investment Board and in compliance with federal and state laws.

Strategic Initiative: Achieve actuarial milestones on the path to full funding and maintain stable or achieve reduced contribution rates.

1. Goal: Achieve a funded ratio of 100% no later than the beginning of FY2045 and maintain current Regular member contribution rates until FY2035 when IPERS is expected to be 95% funded and may lower rates per the Contribution Rate Funding Policy.
   - Earn 7% investment returns annually.
   - Earn 10 bps (0.1%) of excess investment returns annually.
   - Annually achieve the actuary's projected funded ratio.

2. Program: Service Delivery

This program is designed to deliver retirement payroll services, interact with members and perform IPERS' most complex calculations that result in highly accurate and compliant benefit calculations and processing of time-sensitive member requests.

Strategic Initiative: Modernize and improve all facets of service delivery using multiple methods, including in-person, virtual and digital.

1. Goal: Continually improve processes and performance to enhance service delivery.
   - Annually through FY2030, increase the active member service score by at least one from the previous year.
   - Annually through FY2030, increase the contact center capability score by at least one from the previous year.
   - Annually through FY2030, reduce the time it takes to reach a representative by phone by 10% compared to the previous year.*
   - Annually through FY2030, reduce the number of calls with undesirable outcomes by 20% compared to the previous year.
   - Annually through FY2030, increase by the number of retirement applications submitted digitally by 10% compared to the previous year.
2. Goal: Administer a robust Member Satisfaction Survey program to gather actionable feedback to enhance IPERS' service to members.
   - Annually through FY2030, at least 20% of survey recipients complete the survey.
   - At least 80% of survey respondents say they are "very satisfied" or "somewhat satisfied" with the service they received from IPERS. *
   - At least 80% of survey respondents say that IPERS made it "extremely easy" "very easy" or "somewhat easy" for them to complete their transaction.
3. Goal: Maintain communication strategies that emphasize IPERS' transition to digital delivery and motivates members to use My Account to access documents and letters.
   - Maintain a monthly direct mail campaign that motivates 10% of recipients who have not activated their member self-service account to do so.

4. Goal: Create a comprehensive member education program that is delivered based on the unique needs of the audience.
    - Annually through FY2030, increase the number of IPERS members who receive education from IPERS by 10%.
    - Annually through FY2030, add at least two new educational opportunities for IPERS members.
    - Host quarterly IPERS on the Road events that offer group education and individual counseling for members, and education for employers at locations around Iowa.
5. Goal: Increase the number of retirement benefit payments issued via direct deposit.
    - Annually increase the number of members who receive monthly retirement benefit payments via direct deposit.

3. Program: Risk Management and Compliance

The external compliance program is designed to ensure employers in Iowa annually report wages to IPERS accurately, expeditiously and in accordance with state and federal laws. The internal program is designed to provide executive-level guidance on compliance and risk mitigation efforts concerning the most significant compliance issues and risks facing the system.

Strategic Initiative: Bolster business processes to reduce or eliminate errors that expose IPERS to financial and reputational risk.

1. Goal: Perform appropriate due diligence to ensure the accurate calculation and disbursements of all pension payments.
    - All pension payments are calculated and paid accurately.
2. Goal: Participate in IPERS on the Road events to offer employer trainings in communities around Iowa.
    - Offer trainings for reporting officials at each IPERS on the Road event.

4. Program: Shared Costs and Services

These shared costs and services include IPERS leadership, legal, actuarial services, audit services, financial management, information technology, facility management and other similar costs associated with the day-to-day operation of IPERS.

Strategic Initiative: IPERS members will engage with a highly committed, professional and knowledgeable workforce supported by appropriate job classifications, compensation plans, professional development and growth opportunities throughout their careers at IPERS.

1. Goal: IPERS' permanent and temporary staff members understand the agency's operations and strategic plan and how their work supports each to create dedicated employees who deliver outstanding service to stakeholders.
    - At least 80% of survey respondents say they are "very satisfied" or "somewhat satisfied" with the professionalism and knowledge demonstrated during their most recent engagement with an IPERS professional.
    - 80% of LEAD participants responded: "Because of the LEAD Program, I am more confident in my Leadership Skills.
    - All new permanent employees will receive education about IPERS' strategic plan, operations and organizational structure.

Footnote:

These goals will be measured monthly and reported to the Iowa Department of Management's dashboard.
All metrics in the Service Delivery program area will be reported to the Benefits Advisory Committee at least annually.

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