

STRATEGIC PLAN

FY2025-FY2030

UPDATED FOR FY2026



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.

CORE VALUE: 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.

"I love helping IPERS' managers hire new talent. It's such an exciting opportunity to acquire new employees with fresh ideas who complement the experience and expertise of our seasoned staff. Collectively, IPERS' employees are among the best in state government."

Melinda Rushing, Operations Division



CORE VALUE: 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.

"I'm proud of IPERS' in-depth training program that creates employees who truly are experts. That knowledge is critical to providing excellent customer service and to anticipating the impact of potential law changes. IPERS' staff is an important resource both to the members we serve and to the decision-makers who guide our administration of the retirement system."

Craig Stoermer, Member Services



CORE VALUE: ACCOUNTABILITY

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

"IPERS' investment performance is critical to the retirement plan's financial viability. I am continually mindful that my work makes a difference in the lives of the IPERS retirees. That accountability motivates me to do my very best each day."

Marcus Dong, Investment Division





FROM THE CHIEF EXECUTIVE OFFICER

I have the honor of representing IPERS at meetings and conferences around the nation where my peers share the challenges and rewards of administrating multibillion dollar public retirement plans. Lately, one buzzword is ubiquitous: modernization.

At IPERS, modernization means freeing ourselves to challenge the status quo and think critically about how we can improve our work using leading-edge solutions in technology, communications, customer service and investment management. That commitment to modernized performance and service delivery is what drove the creation of this strategic plan.

Over the five years that the plan represents, and beyond, IPERS' staff will implement improved processes and procedures to efficiently and effectively achieve the key elements of our mission statement:

- Cost-effectively pay benefits.
- Maintain stable contribution rates.
- Protect member information.
- Provide outstanding service.

IPERS is committed to establishing ourselves as an innovative leader in service delivery and pension system administration. We embrace the challenge of accomplishing this strategic plan, motivated by the understanding that our hard work will ultimately benefit our valued members.



Sincerely,

A handwritten signature in black ink that reads "Gregory S. Samorajski".

Gregory S. Samorajski
CEO

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 FY2024, the IPERS Trust Fund paid \$2.7 billion in benefits, including \$2.4 billion paid to Iowans.

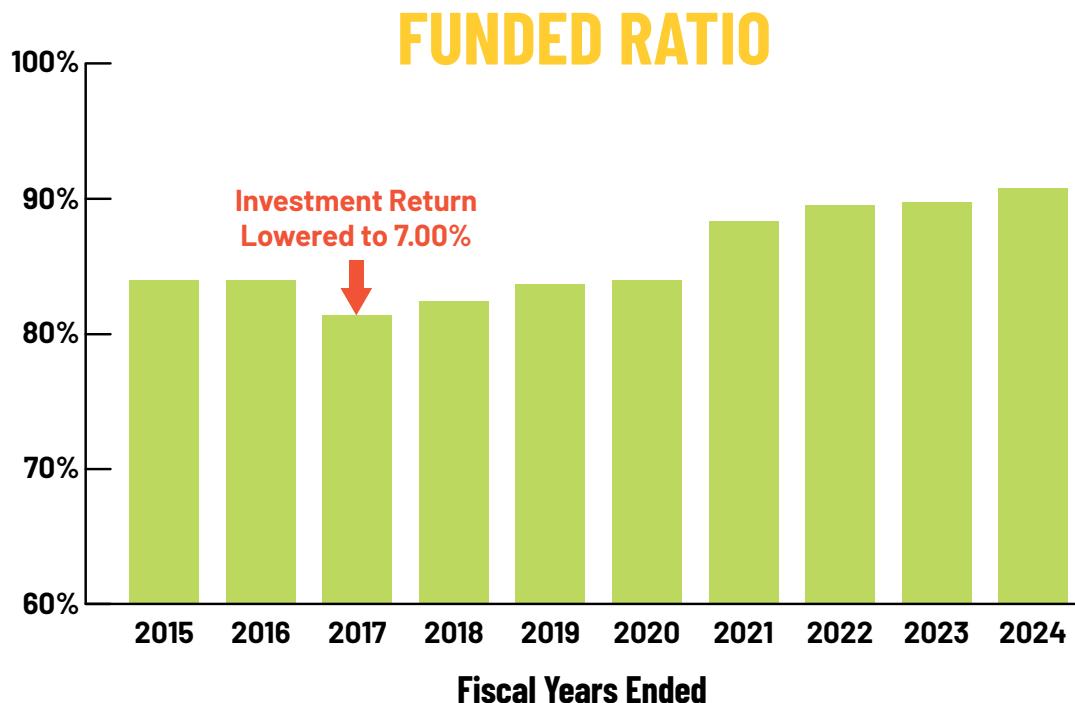
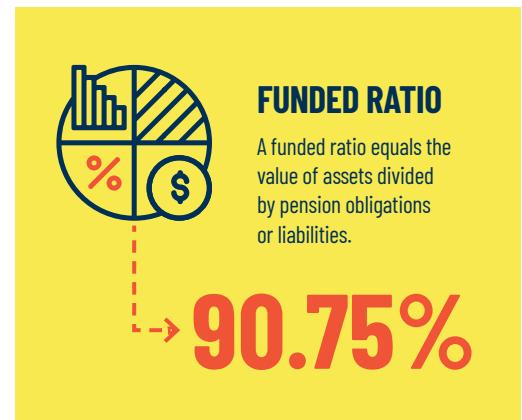
ASSESSMENT

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.

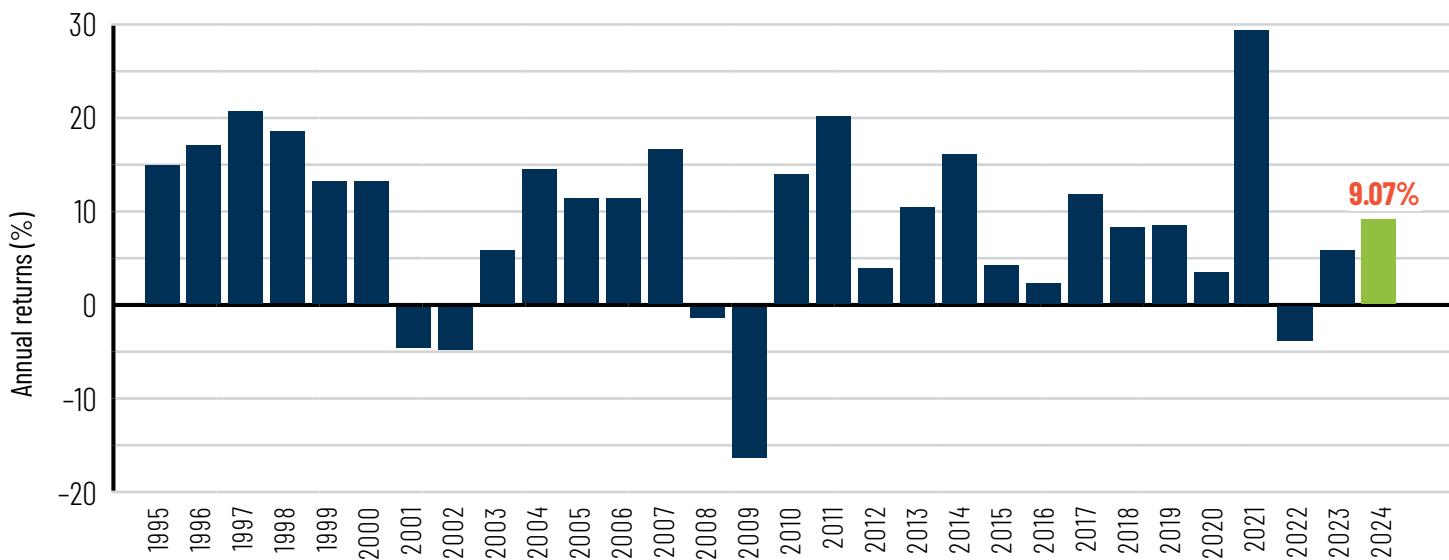
FUNDED POSITION AND CONTRIBUTION RATES

As of the end of FY2024, IPERS had achieved an overall funded ratio of 90.75%.¹ This is an increase from 83.65% at the end of FY2015. 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 FY2024, IPERS' Investment Division earned a 10-year annualized return of 7.47%. 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 is an industry leader in creating policies that allow the Investment Division to pursue the most innovative and opportunistic investments available—a flexibility few other plans enjoy. It is interesting to note that over the same 10-year period, a passive position in publicly traded stocks and bonds would have earned only 5.88%. The difference between IPERS' returns and these normal returns is explained by the Investment Division's experience and ability in finding profitable investments in areas like private equity, private credit, real assets, absolute return strategies and high-yield bonds.

The greatest systematic risk to IPERS' progress toward full funding is declining investment returns. It is ultimately on the shoulders of the Investment Division to invest the trust fund's money in superior investments. However, there is no guarantee that IPERS will be able to attract or retain the staff needed to meet this challenge. Public sector investment staff salaries have increased significantly in recent years to the point that IPERS' salaries are no longer competitive. It is imperative that this situation be addressed. The solution involves higher salaries and incentive compensation for these professionals. IPERS currently offers a small incentive compensation program. However, it needs to be expanded, while simultaneously increasing base pay. IPERS looks forward to working with the Governor and legislature to address this problem.

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.

9.07%

FY2024
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 Benchmarking to analyze its costs and performance compared to other public plans. According to the latest CEM Benchmarking study, IPERS pays \$51 per member annually (active and retired members), for a total of \$16.39 million in administrative expenses. The average peer plan pays \$139 per member. In fact, IPERS is the lowest-cost provider among its CEM Benchmarking-defined peers. The next-lowest-cost peer plan spends about \$80 per member annually. IPERS continues to meet its goal of providing low-cost administration. The following sections contain the analysis of how IPERS' service and data protection efforts compare with those of its peers.

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 Benchmarking study, IPERS' investment costs totaled 41.1 basis points² (\$167.5 million) compared to its peer average of 59.6 basis points.² CEM Benchmarking reported IPERS' five-year net total return at 9.4% compared to 8.6% for its peers.

ADMINISTRATION COST

IPERS' pension administration costs per active member and annuitant are significantly lower than those of its peers.

\$139



Peer average cost

\$51



IPERS cost

Source: CEM Benchmarking Inc., FY2024

MEMBER SERVICE ASSESSMENT

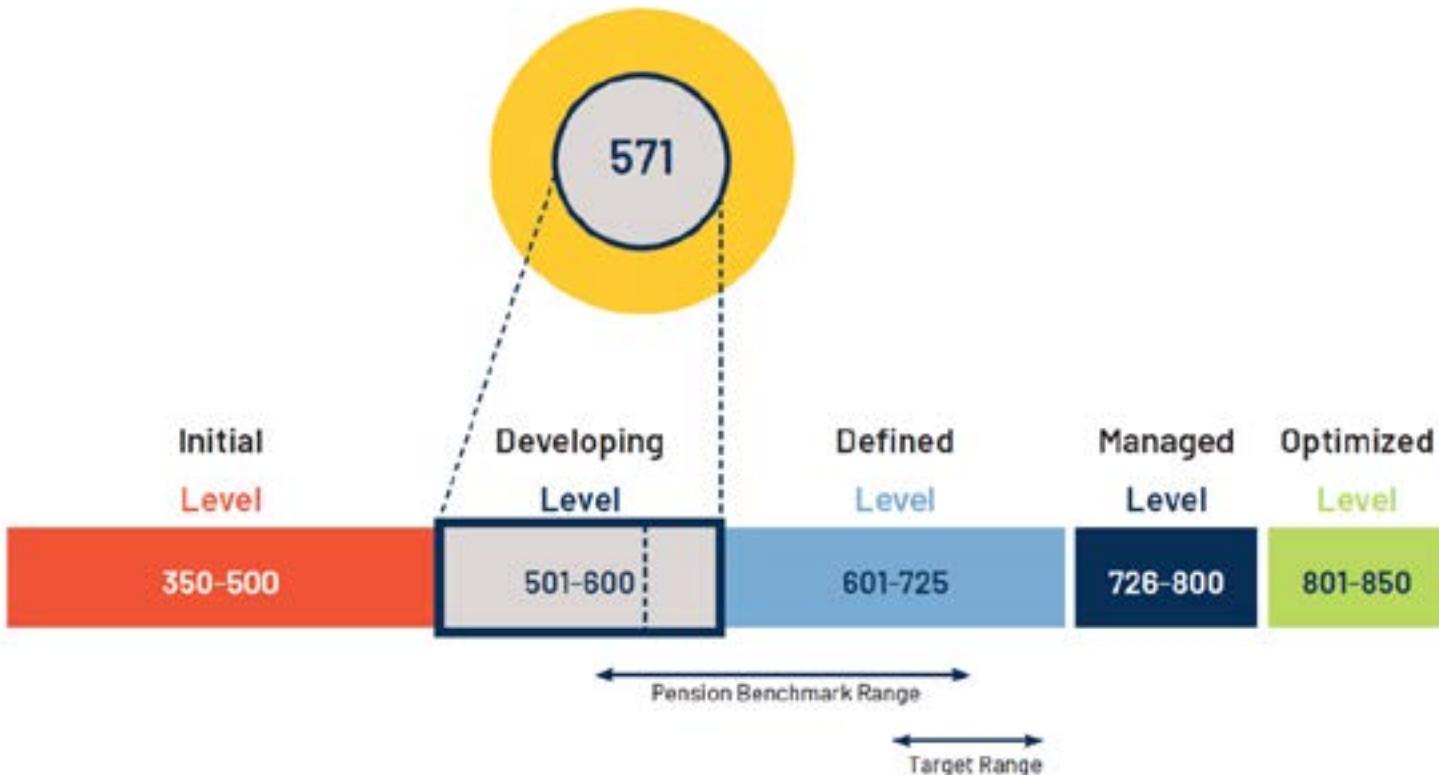
IPERS is a low-cost provider of member services. However, for that reason, it is not able to provide the same level of services as its peer plans do. This is apparent both on measures of traditional service and on progress towards modernization of services. On a one to 100 scale, CEM Benchmarking scores IPERS at 73 for member service compared to its peer median of 82. Of its 15 peer plans, only three score below IPERS. Some of IPERS' low scoring areas include gathering member feedback, targeted campaigns, secure website accessibility and member presentations. IPERS is more competitive in the traditional areas of one-on-one counseling, speed of payments and processing. There is a policy trade-off between cost and service provided. It is true that better service does not always justify higher costs. However, the pendulum has swung too far in favor of low costs, so IPERS seeks to increase the number of staff and improve processes in its member services area. It should also be noted that IPERS' contract with its pension administration system vendor will expire in 2026. The vendor has already indicated that it is moving from supplying an enterprise software system to a cloud-based application. Other vendors are moving the same way. In 2025 the Iowa Legislature appropriated \$60 million over 10 years to facilitate the acquisition and implementation of a new or enhanced pension administration system.

² CEM Benchmarking's investment expense calculations include direct and imputed private investment management fees but not carried interest calculations. IPERS' FY2024 Annual Comprehensive Financial Report shows investment expenses as \$92.87 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

Fraud and cybersecurity-related threats are becoming increasingly sophisticated and frequent. IPERS, like most other organizations, faces the difficulty of acquiring and retaining staff with the skills necessary to understand and address the modern challenges of data, member account and general business process security. In early 2023, IPERS commissioned Linea Solutions, a risk management and cybersecurity firm, to examine its current operating environment and identify risks. Linea's report suggested more than 100 operational enhancements, many of which will require additional staff to achieve.

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

I. 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 law.

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

Action Items:

- Design investment activities that provide a return on the Fund that, when coupled with the periodic contributions of the membership and employers, meet or exceed the benefit funding requirements of the plan over time while staying within the Investment Board's tolerance for risk.
- Execute the asset allocation policy established by the Investment Board and attempt to add value relative to the policy benchmark while staying within the Investment Board's tolerance for active risk.
- Hire a full-time Investment Compliance Manager to develop an investment compliance program that ensures IPERS' compliance with state and federal regulations and Investment Board policies.

1. Goal: Achieve a funded ratio of 100% no later than the beginning of FY2045 and maintain current Regular member contribution rates until FY2037 when IPERS is expected to be 95% funded and may lower rates per the Contribution Rate Funding Policy.¹

- Earn 7% investment returns annually.
- Earn 10 bps (0.1%) of excess investment returns annually.
- In FY2025 achieve a funded ratio of 90.2%.
- In FY2026 achieve a funded ratio of 90.6%
- In FY2027 achieve a funded ratio of 91.1%.
- In FY2028 achieve a funded ratio of 91.5%.
- In FY2029 achieve a funded ratio of 91.9%.
- In FY2030 achieve a funded ratio of 92.4%.

II. 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.²

Action Items:

- Continually implement and refine customer service processes and technologies, including Amazon Connect, to more efficiently deliver member services by phone and digitally.
- Participate in CEM Benchmarking's annual pension administration survey that compares IPERS' costs and performance with peer retirement plans.
- Implement communication to members as they achieve major milestones along the retirement journey to help them understand the milestone's implication to their retirement benefits and to build relationships.

1. Goal: Continually improve processes and performance to enhance service delivery.

- Annually through FY2030, increase the active member baseline service score by at least one from the previous year.

– Continued

¹This goal could be modified if the legislature enacts major benefit changes or if the markets are unexpectedly volatile.

²All metrics in the Service Delivery program area will be reported to the Benefits Advisory Committee at least annually.

- Annually through FY2030, increase the contact center capability score by at least one from the previous year.
- Each month, reduce the time it takes to reach a representative by phone compared to the same month in the previous year.*
- The number of calls with undesirable outcomes is reduced each month compared to the same month in the previous year.
- The number of applications (of any kind) submitted digitally each month exceeds the number of applications submitted digitally during the same month in the previous year.

2. Goal: Administer a robust survey program to gather actionable feedback to enhance IPERS' service to members.

- The number of surveys completed each month is greater than the number completed during the same month in the previous year.
- Before FY2026, implement surveys to new members, secure website users, members who have called IPERS and members who have received one-on-one retirement counseling.
- Annually through FY2030, increase the feedback service score by at least one from the previous year.
- At least 80% of survey respondents say they are "mostly satisfied" or "completely satisfied" with the service they received from IPERS. *
- At least 80% of survey respondents say they "agree" or "strongly agree" that IPERS made it easy for them to complete the transaction about which they contacted IPERS.

3. Goal: Maintain communication strategies that emphasize IPERS' transition to digital delivery and motivates members to use My Account to access documents and letters.

- Before FY2026, enhance My Account to include the ability for members to manage their document delivery preferences.
- 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: Using qualitative and quantitative data, define key points in the member's journey, from entering the public workforce through death, and use the information to 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.
- Annually through FY2030, increase the targeted campaign baseline score by at least one from the previous year.

III. 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 IPERS' business processes to ensure the security of member data, the accuracy of payments and the overall quality of performance.

Action Items:

- Payroll processes are audited annually and deficiencies are corrected within 12 months.
- Documented policies and procedures related to payroll processes are reviewed.

1. Goal: 100% of IPERS' pension estimates and pension benefits are paid accurately.

- Retirement Automation Bureau staff will continue the best practice of testing 100% of changes to the pension administration system to ensure accuracy.
- The Internal Compliance Team will review pre-payroll reports, and perform the reconciliation of report data and remove inaccurate or questionable payments prior to disbursement to ensure that 100% of payrolls are accurate.

IV. 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.

Action Items:

- Annually, each employee participates in at least 20 hours of training and development.
- All new employees receive training about the agency's operations.
- Emphasize communication from leadership to enhance employee engagement.

1. Goal: Continually review job classifications and associated compensation for IPERS' workforce.

- Review 100% of vacant positions internally to determine how the vacancy will best serve IPERS, and consequently request an appropriate job classification.

2. Goal: Member surveys capture member sentiments on engagement with IPERS' workforce.

- At least 80% of survey respondents say they are "mostly satisfied" or "completely satisfied" with the professionalism and knowledge demonstrated during their most recent engagement with an IPERS professional.

3. Goal: Create programs for IPERS employees so they feel valued, are engaged, understand the agency's strategic plan and their role in achieving it, and understand the agency's operations and how their work supports it.

- At least twice annually, IPERS' leadership will solicit employee feedback to understand challenges and opportunities for improvement.
- At least three times each year, IPERS' CEO and/or applicable leaders will host targeted and/or all-staff meetings or events to communicate relevant information and invite employee questions.
- At least once each year, IPERS' CEO and/or applicable leaders will host small group meetings or events to communicate relevant information and invite employee questions.
- In FY2026, implement an emerging leaders' program for select IPERS staff.

*These goals will be measured monthly and reported to the Iowa Department of Management's dashboard.



ENTERPRISE PRIORITIES

1. Child care
2. Disaster Assistance
3. Education
4. Energy
5. Families first
6. Government efficiency
7. Health care
8. Workforce

a. IPERS' Vision Statement emphasizes its desire to establish itself as an innovative leader in the delivery of services to all stakeholders. Several strategic initiatives support this vision, including modernizing IPERS' service delivery methods and bolstering IPERS' business processes.

a. IPERS members represent most of Iowa's hard-working public sector employees, including educators, first responders, law enforcement and more. IPERS' mission is to support its membership – Iowa's public workforce – with the prudent management of the IPERS Trust Fund. Every element included in this strategic plan reflects IPERS' commitment to its fiduciary responsibilities.



QUESTIONS?

Please contact us!

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