



Welcome to IPERS

Iowa Public Employees' Retirement System

For New IPERS Members



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CONGRATULATIONS ON BECOMING AN IPERS MEMBER.

Regardless of your retirement plans or anticipated retirement age, you want a financially secure retirement. IPERS helps provide the security you need through guaranteed benefits.

Unlike benefits from other retirement plans, IPERS benefits aren't tied to the performance of the stock market. With IPERS, you don't need to make investment decisions for your retirement dreams to become a reality.

Your IPERS benefits are only one part of your overall retirement savings. Your total retirement income will come from a combination of your IPERS benefits, Social Security, personal savings, and any other retirement plan benefits.



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 on the IPERS website.



A Plan Designed for You

The IPERS plan is a defined benefit pension plan. The lifetime monthly benefit you receive is predictable and stable because it is calculated using a formula. Your benefits grow with you throughout your IPERS-covered employment. As your years of service and salary increase, your IPERS benefits grow too.

IPERS, a public agency, was established for the purpose of providing a retirement plan to public employees throughout Iowa. As a public agency, IPERS' goals are aligned with members'.

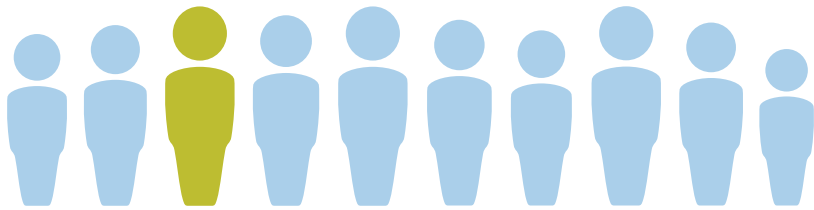
IPERS benefits are designed to supplement personal savings and Social Security benefits in retirement. Benefits also offer financial protection for families in the event of death or disability.

SECURE AND DEPENDABLE RETIREMENT BENEFITS

No hassle, no risk—guaranteed! IPERS uses a formula to calculate your benefits, providing you with guaranteed lifetime retirement benefits. Your benefits aren't tied to the performance of the stock market, so you don't have to worry about riding out the bumps in the market. IPERS takes on all the investment risk, providing you with retirement benefits you can depend on.

Strength in Numbers: Our Membership

IPERS covers most Iowa public employees. With over 325,000 members and 2,000 covered employers, IPERS is the largest public retirement system in Iowa. IPERS offers retirement benefit stability and security that members can count on.



Did you know? **One in ten**
Iowans is an IPERS member.

Most public employees in Iowa automatically become members of IPERS when they start employment with an IPERS-covered employer.

Covered employers include:

- Schools
- Counties
- State agencies
- Cities
- Townships
- Other public employers

Membership Classes



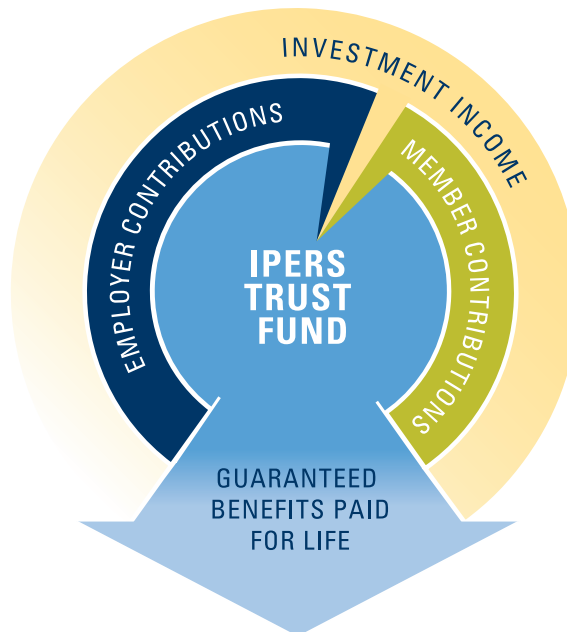
IPERS has three membership classes: the Regular membership class (which makes up about 95 percent of the membership), the sheriff/deputy membership class, and the protection occupation membership class. Sheriffs/deputies and members in protection occupations are known as Special service members. These members work in public safety occupations. Their careers tend to be shorter because of the physical demands of their jobs. There are some differences in the retirement benefits offered to each membership class.

Contributing to IPERS

Both you and your employer contribute to IPERS. IPERS invests the contributions and holds the investment income in a Trust Fund for the exclusive purpose of paying benefits to members and their beneficiaries.

The Iowa Legislature and Governor determine the positions of employment in each membership class and the benefits provided.

The Iowa Legislature set the contribution rates for the Regular membership class through June 30, 2012. Beginning July 1, 2012, IPERS will set Regular member contribution rates using an annual actuarial valuation, which is a snapshot of IPERS' finances. The rate for Regular members can increase or decrease by no more than 1.0 percentage point each year. Contribution rates for Special service members (sheriffs, deputies,



and members in protection occupations) are determined by IPERS' actuary each year. Rates for all membership classes are released in November and posted on the IPERS website. New rates take effect the following July 1.

IPERS is a prefunded retirement plan. That means the money employees contribute today is pooled and invested so it can grow and pay for their own future benefits.

Benefits of Contributing to IPERS

- **Automatic retirement savings.** Automatic deductions from your paycheck ensure you set aside retirement savings.
- **Income you won't miss.** Since the deductions come out of your check automatically, you won't miss the income.
- **Pretax deductions** reduce your taxable income.
- **It's easy.** IPERS takes on all the investment risk. You don't have to worry about investment market fluctuations.



Membership Rewards

Saving for retirement is important.

IPERS benefits are designed to supplement personal savings and Social Security benefits. Consider these rewards of IPERS membership.

Security

IPERS is a well-funded retirement plan. IPERS' administration and an independent actuary scrutinize IPERS' financial statements yearly. IPERS' administrators evaluate the retirement plan's sustainability and request changes when appropriate.

Worry-Free Benefits

Since IPERS provides a defined benefit, you don't have to worry about monitoring where your money is invested or how the stock market performs. It's easy and worry-free.

You have the option of receiving your benefits as a monthly lifetime payment – which means you can never outlive your benefits. The amount of your benefit is based on a formula that factors in your years of service, age, and highest 5-year average salary. By design, IPERS takes on all the investment risk; with a defined contribution plan, you take on the investment risk and must ensure your investment grows at a sufficient rate to provide benefits for your lifetime.

**“The IPERS plan works for me.
Making contributions is effortless, and I know
that I'll get a benefit for the rest of my life.”**

—IPERS MEMBER, AGE 22, STARTING PUBLIC SERVICE CAREER

A Safety Net

IPERS provides death and disability benefits. These benefits provide important protection for you and your family. If you die before beginning to receive IPERS benefits, your beneficiary(ies) may be eligible for a one-time lump-sum payment or monthly benefits. You may be eligible for an IPERS disability benefit if you meet certain requirements. Contact IPERS for more information.

Accountability

The Iowa Legislature and Governor are the plan sponsors for IPERS. The Legislature authorizes spending from the Trust Fund for administrative expenses. IPERS closely monitors and negotiates investment management expenses, does not spend money on costly advertising campaigns, and operates with a small and efficient staff. Annual financial statements on the Trust Fund are available online or from IPERS for free.

Portability

You are always entitled to 100 percent of your IPERS contributions and interest earnings. If you change jobs, you keep your IPERS coverage if your new job is an IPERS-covered position. If you start working for a non-IPERS-covered employer, you may leave your money in IPERS, or take a refund. You can roll over your IPERS refund to another qualified retirement plan.

If you are vested and decide not to leave your money in IPERS, you will receive a portion of your employer's contribution (based on your years of service) along with your own contribution. You become a vested IPERS member when you have seven

years of service or when you reach age 65 while in covered employment, whichever occurs first.

After you are vested, you can purchase IPERS service using personal funds or by rolling over money from a qualified retirement plan.

Resources

IPERS helps you plan for a secure retirement. You can speak one-on-one with a representative who can answer your questions and address your individual situation. In addition, online resources and periodic mailings keep you informed about your IPERS benefits.

LOW ADMINISTRATIVE EXPENSES

Consider this: CEM Benchmarking Inc., an independent company that reviews pension systems, each year finds IPERS' administrative expenses to be among the lowest of similarly sized public retirement systems.

IPERS Membership Has Rewards

- **Security.** IPERS is a large, well-funded plan.
- **A guaranteed benefit.** Your benefit is based on a formula; benefits are predictable.
- **A safety net.** IPERS provides death and disability benefits.
- **Public accountability.** You elect the officials who sponsor the plan; these officials want to provide sound, yet cost-effective benefits. Plan financials must be fully disclosed.
- **Portability.** If you change jobs to another IPERS-covered position, you can maintain your IPERS coverage. If you leave public employment, you can take your contributions with you.
- **Retirement planning resources.** Talk or meet with an IPERS representative to discuss your IPERS benefits.



The Bottom Line: What's the Payout?

YOUR IPERS BENEFIT AMOUNT IS:

- Based on your individual factors
- Affected by early retirement
- Guaranteed for life

The formula used to calculate the annual IPERS benefit for all members, except Special service members, includes:

- **YOUR AVERAGE SALARY**
- **A MULTIPLIER**
- **AN EARLY-RETIREMENT REDUCTION**, only if you don't meet normal retirement age when you start receiving benefits.

Normal retirement age, when an **early-retirement reduction** no longer applies, is one of the following (whichever comes first):

- **Age 65**
- Age 62 if you have 20 or more years of service (**Rule of 62/20**)
- When your years of service plus your age equals or exceeds 88 (**Rule of 88**)

IPERS Benefit Calculation

Average Salary
× Multiplier
– Reduction, If Any

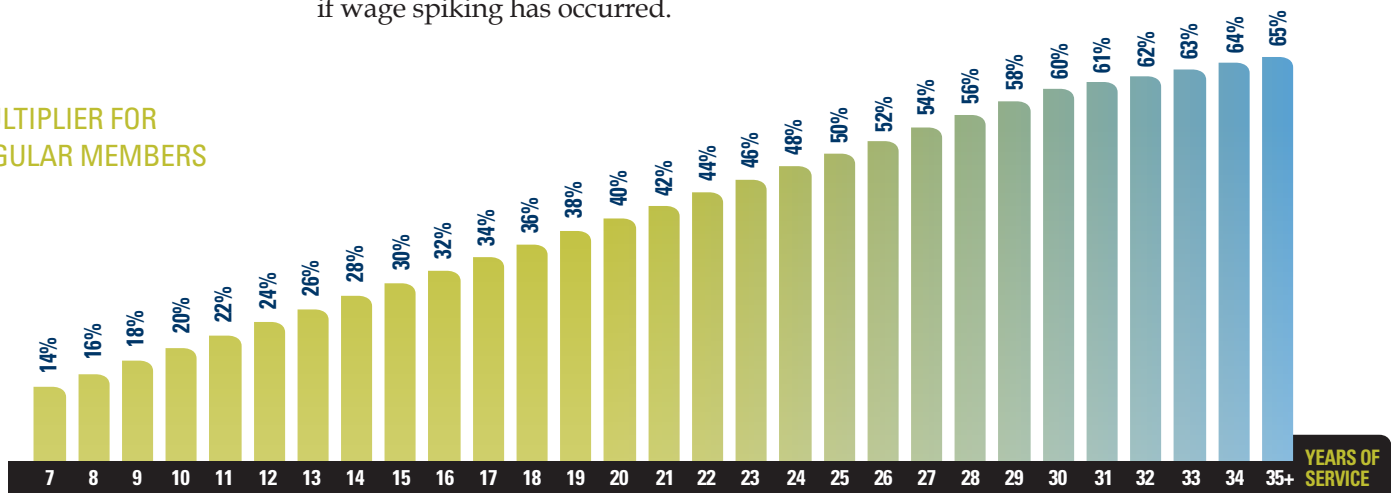
Your Annual IPERS Benefit

If you choose to begin receiving benefits before normal retirement age, a permanent early-retirement reduction will apply to your benefit. For service earned after June 30, 2012, the reduction is 0.5 percent for each month (or 6 percent a year) that you receive benefits before age 65.

Your **multiplier** increases with every year you work in IPERS-covered employment. Purchasing IPERS service also increases your multiplier.

Your **average salary** is the average of your highest five years' salaries. IPERS tests your earnings for wage spiking, to prevent overpaying your benefits. Your average salary will be decreased if wage spiking has occurred.

MULTIPLIER FOR REGULAR MEMBERS



Enrolling Is Simple

Enrolling in IPERS is easy – coverage is automatic for most employees. You will just need to designate a beneficiary.

If you have the option to select between IPERS and another plan, your employer will let you know soon after you become

employed. Do not complete an *Election for Termination of IPERS Coverage* form unless you do not want IPERS coverage.

If you elect not to participate in IPERS, you **cannot** elect coverage at a later date while in the same position.

KEEP YOUR ADDRESS UP TO DATE

To ensure you receive important information from IPERS, keep your home address current with IPERS and your employer at all times. Your employer does not notify IPERS when you change your address.

Member Resources

IPERS exists exclusively to provide retirement security for you. We strongly encourage you to take advantage of our resources:

- **Knowledgeable representatives are here to help you.** Call IPERS at 515-281-0020 or toll-free at 1-800-622-3849 with your questions. Or, you can schedule an appointment to meet with an IPERS representative face-to-face.
- **Educational sessions allow you to learn more about IPERS.** For our schedule of online and face-to-face presentations, give us a call or visit our website.
- **Annual benefits statements provide personal benefit information.** You will receive a benefits statement each year that summarizes your service credits, reported wages, contributions, estimated amount of benefits, and beneficiary information. You may also request a more detailed benefit estimate of your retirement benefits.
- **Resources and personalized information 24/7 at www.ipers.org.** Our website provides benefits summaries, retirement planning tools, downloadable forms, and various retirement benefit calculators. You can log in to see your account information, access forms, and update your contact information.



DEFINED BENEFIT PENSION PLANS ARE ECONOMICALLY EFFICIENT

Delivering the same retirement income to a group of workers is 46 percent cheaper using a defined benefit (DB) plan than a DC (defined contribution) plan.

—LEIGH SNELL, "SETTING THE RECORD STRAIGHT ABOUT PUBLIC PENSIONS," GOVERNMENT FINANCE REVIEW, FEBRUARY 2011

The IPERS Pension Plan vs. Defined Contribution Plans: What's the Difference?

When it comes to understanding retirement plans, many people get confused and nervous. IPERS is committed to helping you make sense of it all. The chart below is designed to help you sort out the differences between IPERS (a defined benefit pension plan), and defined contribution retirement funds – most common are 401(k) and 403(b) plans.

	Guaranteed Benefit	Monthly Benefit	Investment Risk	Vesting
IPERS <i>(Defined Benefit Pension Plan)</i>	YES. Your benefit is guaranteed for life, no matter how long you live, and no matter how the investments perform.	STABLE. Your benefit amount is determined by a formula based on your years of service and your average salary. Once determined, your benefit amount will not change.	IPERS takes on all the investment risk. The amount of your benefit is not affected by fluctuations in the investment markets.	100% in your contributions. Once you become vested, you gain access to a greater percentage of your employer's contributions with each year you contribute to IPERS. Requirements for becoming vested change 7/1/12, to 7 years of service, or when you reach age 65 while in IPERS-covered employment.
401(k)s, 403(b)s, and Others <i>(Defined Contribution Plans)</i>	NO. The amount of your benefit fluctuates depending on the amount you have in your account and how your investments perform. Your account balance can reach \$0.	UNPREDICTABLE. Your benefit is based on your contributions, any employer contributions, and any investment earnings or losses (minus any withdrawals or loans received).	YOU take on all the investment risk. You are responsible for deciding how your money is invested and for monitoring its performance.	100% in your contributions. Vesting in your employer's contributions varies by the employer (plan sponsor). For example, some plans allow a gradually increasing percentage of vesting for several years before you reach 100 percent.

Consider this...

Americans Value Pension Plans

... Americans are highly favorable on pensions in terms of their reliability and ability to address retirement anxiety. An overwhelming majority of Americans believe all Americans should have access to pensions so they can be self-sufficient in retirement. Further, more than 75% of Americans believe the disappearance of pensions has made it harder to achieve the “American Dream.”

—BRIAN PERLMAN, KELLY KENNEALLY, AND ILANA BOIVIE, “PENSIONS AND RETIREMENT SECURITY 2011: A ROADMAP FOR POLICYMAKERS,” NATIONAL INSTITUTE ON RETIREMENT SECURITY, MARCH 2011

When employees were asked what benefits they would most like their employer to begin offering, traditional pension plans topped the list ...

—EMILY BRANDON, “WORKERS UNHAPPY WITH 401(K) PLANS,” U.S. NEWS & WORLD REPORT, USNEWS.COM, JUNE 17, 2011



Withdrawals & Loans	Portability	Death Benefits	Disability Benefits	Fees & Expenses
<p>NOT AVAILABLE. Your IPERS funds are not available to withdraw or borrow against. Only terminated members may withdraw their money. This is an important difference between IPERS and defined contribution plans.</p>	<p>YES. If you leave IPERS-covered employment, you can roll over your money to another qualified retirement plan, take a refund, or leave it with IPERS until a later date.</p>	<p>YES. IPERS provides pre- and post-retirement death benefits. Beneficiaries can roll over IPERS death benefits to qualified retirement plans.</p>	<p>YES. IPERS provides disability benefits if you meet certain qualifications.</p>	<p>INCLUDED. All fees and expenses are paid by the IPERS Trust Fund and do not affect the amount of your benefit payment.</p>
<p>TYPICALLY AVAILABLE. Most defined contribution plans allow for withdrawals and loans. However, withdrawals and loans will significantly reduce future benefits that will be needed in retirement.</p>	<p>YES. Your vested funds may be rolled over to another qualified retirement plan.</p>	<p>YES. Your account balance will transfer to your beneficiary(ies) when you die.</p>	<p>NO. Defined contribution plans do not usually provide disability benefits.</p>	<p>TYPICALLY HIGH. All fees and expenses are distributed across accounts or taken directly from individual balances.</p>

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Working Today for Your Tomorrow

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