

IAP Annual Statement FAQs

Q1. Why is the balance on my 2004/2005 IAP annual statement different than the balance shown online?

A1. Your annual statement shows your balance as of December 31, 2005. This includes your contributions and earnings for 2004 and 2005.

The account balance shown online is your current balance that includes 2006 contributions to date. Earnings (or losses) for 2006 will be applied in March 2007.

Q2. What happened to my Tier One or Tier Two account?

A2. Your Tier One or Tier Two account continues to be part of your PERS benefit at retirement. You receive a separate annual statement for your Tier One or Tier Two account (2005 Tier One/Tier Two annual statements were mailed in June 2006). Your IAP account is an additional retirement benefit.

Q3. Why are the IAP's earnings different from Tier Two earnings?

A3. Earnings between the IAP and Tier Two are similar because the IAP and Tier Two are invested in the same investment pool. However, some differences occur due to the different administrative costs and reserving requirements between the two programs.

Q4. Can I review my IAP account balance online?

A4. You can view 2006 contributions on the IAP website at: iap.csplans.com. Personal Identification Numbers (PINs) were sent to IAP participants in May 2005.

If you have misplaced your PIN, use the "Forgot Your PIN" function on the IAP website (iap.csplans.com) and CitiStreet, our third-party administrator for the IAP, will mail it to you.

The account balance shown on the IAP website is your December 31, 2005 balance with 2006 contributions added. IAP earnings for 2006 will be credited in March 2007; earnings for 2007 and beyond will be credited in the same manner.

Q5. What is the IAP?

A5. The IAP is a defined contribution retirement program for all qualifying Tier One/Tier Two and OPSRP members.

Effective January 1, 2004, 6 percent of your salary has been placed in your IAP account. The IAP can have earnings or losses and administrative fees are deducted from the fund's earnings as part of the annual crediting process. You are automatically vested in your IAP account when your account is established.

Earnings are credited annually to member accounts. This allows PERS to work with employers to ensure that member contributions are accurate and complete before allocating

earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

The legislature created the IAP in 2003 to provide an individual account-based retirement benefit for new workers hired on or after August 29, 2003, and for Tier One/Tier Two members active on and after January 1, 2004. The IAP benefit is in addition to the member's other retirement program benefit (i.e., Tier One, Tier Two, or OPSRP).

Q6. What did IAP remediation do?

A6. Remediation highlights include:

1. Member IAP accounts are now credited with earnings annually instead of monthly.

Annual earnings are credited with the same structures and timeframes used for Tier One and Tier Two accounts. Originally, IAP accounts were credited monthly with a "unit value" that was confusing. Annual earnings crediting to member accounts allows PERS to work with employers to ensure that member contributions are accurate and complete before allocating earnings on a year-end balance basis so members are not adversely affected by posting delays or corrections.

2. Administrative fees have been restored to member IAP accounts and are now deducted from earnings on the IAP fund instead of directly from member accounts as part of the annual crediting process.

3. PERS recalculated member IAP account data for 2004 and 2005 (and will do the same for 2006) so all member contributions received in a calendar year received the same earnings percentage for each year.

The new earnings structure credits all contributions received for a calendar year with the same annual percentage, so all members have the same annual earnings crediting rate. Any subsequent contribution adjustments will also be credited with the appropriate annual earnings rate(s).

The IAP earnings crediting rate for 2004 was 12.77 percent and the rate for 2005 was 12.80 percent.

Q7. How is the IAP invested?

A7. The IAP is invested in the same portfolio as most other PERS assets and reserves. This investment portfolio is diversified across many different investment types such as domestic and foreign equities (stocks), domestic and foreign bonds, real estate, limited partnerships, etc. A summary of the investment types in the PERS portfolio is reflected in the PERS [Comprehensive Annual Financial Report](#) posted on the PERS website.