

***Municipal Fire and Police
Retirement System of Iowa
“Benefit Handbook”***

APRIL 30, 2008

**Municipal Fire and Police
Retirement System of Iowa
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I. INTRODUCTION

The Municipal Fire and Police Retirement System of Iowa (MFPRSI) was created by an act of the 1990 General Assembly with an effective date of January 1, 1992. The statewide system replaced the eighty-seven local police and fire retirement systems that existed prior to 1992 in forty-nine of Iowa's largest cities.

The System was created as an instrumentality of the cities, under the direction of a Board of Trustees. By state law, the Board of Trustees consists of four representatives of the membership (two fire fighters and two police officers who are appointed by the fire and police associations), four city representatives (appointed by the League of Iowa Municipalities), and one private citizen (selected by the appointed members of the Board).

The activities of the System are governed by Iowa Code Chapter 411 which provides for the establishment and the programs of the MFPRSI. All investment programs are governed by Chapter 97B and Chapter 411.

As of **April 30, 2008**, the membership of the Board of Trustees of the MFPRSI is as follows:

Judy Bradshaw	Des Moines Active Police Officer
Marty Pottebaum	Sioux City Retired Police Officer
June Anne Gaeta	Muscatine Active Fire Fighter
Bob Hamilton	Sioux City Retired Fire Fighter
Cindy Kendall	Marshalltown Treasurer
Allen McKinley	Des Moines Finance Officer
Jody E. Smith	West Des Moines Director of Administrative Services
Duane Pitcher	Ames Finance Director
Mary Bilden	Boone Citizen Member

The Board of Trustees includes four members of the Iowa General Assembly, two from the Iowa Senate and two from the Iowa House. The legislative members are ad-hoc, non-voting members of the Board of Trustees.

Senator Wally Horn ,	Senator Mary Lundby
Representative Paul Bell	Representative Walt Tomenga

Currently, there are forty-nine cities participating in the 411 pension system. A listing of the participating cities can be found in the back of this handbook.

The intent of this benefit handbook is to provide information to the membership and other interested parties concerning the benefits and programs of the MFPRSI. This book does not represent a rule book which governs all situations and does not serve to supersede the governing statute or the administrative rules and policies adopted by the Board of Trustees. Court decisions, statutory changes, and modifications of administrative rules and Board policy decisions may render portions of this handbook obsolete. The System is not bound by the statements made within this booklet.

For specific information concerning your retirement benefit, members should contact or visit the office of the System.

II. GENERAL INFORMATION

Currently, there are nine individuals on staff at the MFPRSI willing to assist members of the System with any questions or concerns.

Dennis L. Jacobs	Executive Director
Larry Thompson	Deputy Director
Dan Cassady	Operations Supervisor
Sandra Wells	Senior Pension Officer
Janice J. Bell	Senior Pension Officer
Jill Hagge	Senior Pension Officer
James Bybee	Accountant/Investment Officer
Amy Houston	Accountant/Investment Officer
Cody Jans	Accountant/Investment Officer
Angie Arthur	Accountant/Investment Officer

The office hours of the System are 8:00 a.m. to 4:30 p.m., Monday through Friday, except holidays. The office is closed on most recognized national holidays.

All changes made to member records (both active and retired) must be made in writing to the System. Please include your hand-written signature, social security number, current mailing address, and the date. Such changes include: address, federal and state tax withholdings, name, beneficiary, and bank information. The System does not accept changes over the phone or via e-mail.

To request a specific change form, please contact the System at the following:

Toll Free Number: (888) 254-9200

Fax Number: (515) 254-9300

Web-site: www.mfprsi.org

E-mail: pensions@mfprsi.org

Mailing Address: MFPRSI
7155 Lake Drive, Suite 201
West Des Moines, Iowa 50266

III. DEFINITIONS

The following words and phrases are found in Iowa Code Chapter 411 and shall have the described meaning:

“Annual Escalator” - Beginning July 1, 1997, the retirees and beneficiaries benefit shall annually be adjusted by the addition of both (a) and (b):

- (a) previous monthly benefit multiplied by 1.5%, and
- (b) an additional dollar amount based on the following incremental steps:
 - \$35 - retired at least 20 years
 - \$30 - retired at least 15, but less than 20 years
 - \$25 - retired at least 10, but less than 15 years
 - \$20 - retired at least 5, but less than 10 years
 - \$15 - retired less than five years

“Average Final Compensation” means the average earnable compensation of the member during the three years of service the member earned their highest salary as a police officer or fire fighter, or if the member had less than three years of service, then the average earnable compensation of their entire period of service.

“Beneficiary” shall mean any person receiving a retirement allowance or beneficiary benefit provided by Chapter 411.

“Board of Trustees” means the board created by Iowa Code section 411.36 to direct the establishment and administration of the retirement System.

“Child” means the only surviving issue of a deceased active or retired member, or a child legally adopted by a deceased member prior to retirement. Child includes only an individual who is under the age of eighteen years, an individual who is under the age of twenty-two years and is a full-time student, or an individual who is disabled at the time under the definitions used in Section 402 of the Social Security Act as amended if the disability occurred to the individual during the time the individual was under the age of eighteen years and the parent was an active member of the System.

“City” or **“Cities”** means any city participating in the statewide retirement System as required by Iowa Code Chapter 411.

“Confidentiality of Investment Records & Information” The System may maintain as confidential certain investment records if the disclosure of such information could result in harm to the retirement System or to the provider of such information. Additionally, the Board of Trustees may hold a closed session to discuss financial or commercial information if the release of such information could result in harm to the System or the provider of such information.

“Earnable Compensation” shall mean the annual compensation which a member receives for services rendered as a police officer or fire fighter in the course of employment with a participating city. However, this term shall not include amounts received for the following:

- a) overtime compensation;
- b) meal or travel expenses
- c) uniform allowances

- d) severance pay
- e) mandatory deferred compensation
- f) lump sum payout at termination for accumulated sick leave or vacation pay.

“Employer’s Contributions” means monies contributed by the cities participating in the statewide System on a payroll period basis, at the rate established annually by the System. The rate shall not be less than 17% of the earnable compensation of the active membership.

“Fire Fighter” or **“Fire Fighters”** shall mean only the members of a fire department who have passed a regular mental and physical civil service examination for fire fighters, and who shall have been duly appointed to such positions. Such members include fire fighters, probationary fire fighters, lieutenants, captains, and other senior officers who have been so employed for fire fighter duty.

“Medical Board” shall mean the board of physicians designated by the Board of Trustees pursuant to Iowa Code section 411.5.

“Member” means a member of the retirement System, as defined by Iowa Code section 411.3, which generally provides that a member is a person who becomes a permanent full-time police officer or fire fighter, in a participating city.

“Member in Good Standing” means a member in service who is not subject to removal by the employing city pursuant to Iowa Code sections 400.18 or 400.19 or other comparable process, and who is not the subject of an investigation that could lead to such removal. A person who is restored to active service for purposes of applying for a pension under this chapter is not a member in Good Standing. This requirement may be waived for good cause as determined by the Board. The burden of establishing good cause is on the member.

“Member’s Contributions” means monies contributed by the individual active members of the statewide System through mandatory payroll deductions on a payroll period basis. The rate, as established by statute, shall be a percentage of the earnable compensation of the member. The rate for all members is currently 9.35%.

“Membership service” generally shall mean service as police officers or fire fighters. Such service shall include **“Veteran’s Purchase of Service Credit**, as described below.

“Pensions” means annual payments for life derived from appropriations provided by the participating cities and the state and from contributions of the members which are deposited in the fire and police retirement fund. All pensions shall be paid in equal monthly installments.

“Police officer” or **“Police officers”** shall mean only the members of a police department who have passed a regular mental and physical civil service examination for police officers, and who shall have been duly appointed to such positions. Such members include patrol officers, probationary patrol officers, matrons, sergeants, lieutenants, captains, detectives, and other senior officers who are so employed for police duty.

“Re-employed” or **“Re-employment”** means the person receiving a service retirement benefit under Chapter 411 is re-employed, the 411 benefit is suspended for the duration of the re-employment and

amounts earned during the period of re-employment are not earnable compensation for purposes of Chapter 411.

“Retirement System” or **“System”** means the statewide fire and police retirement System [established by Chapter 411 for fire fighters and police officers of the cities described in Iowa Code section 411.2], its Board of Trustees, and its appointed representatives.

“Statute” means Chapter 411 of the Code of Iowa unless otherwise specified by reference.

“Surviving spouse” shall mean the surviving spouse of a member who died while in active service or of a retired member of the system. Surviving spouse shall include a former spouse only if the division of assets in the dissolution of marriage decree pursuant to Iowa Code section 598.17 grants the former spouse rights of a spouse under Chapter 411.

“Veteran’s Purchase of Service Credit” means the eligibility of an active member of the system who served in the military and who has at-least 5 years of membership service in the system to purchase up to 5 years of membership service in the system, as credit for said military service. The military service cannot have already been established in the plan under the provisions of USERRA. The member shall make application to the System and shall pay the full actuarial cost of such service.

IV. BENEFITS

The following section describes the eligibility of the membership of the MFPRSI for different forms of retirement benefits. Specific benefit calculations for each form of retirement can be found in the back of the handbook. Benefit formulas are established by Iowa Statute. Revisions can only be instituted by the Iowa General Assembly.

The Board of Trustees and the Administration of the retirement System are required to administer the System in compliance with the statutory provisions. Questions concerning an individual's eligibility should be directed to the retirement System.

Service Retirement Benefit

Eligibility - Member shall be age 55 or over with at least 22 years of service at termination of employment.

Basic Benefit Description - A pension equal to 66% of the average final compensation. In addition, there are formula credits for service beyond 22 years but not to exceed 30 years. The additional credit is 2.0% per year with a maximum benefit multiplier of 82% of average final compensation.

This pension is eligible for the annual escalator.

For a surviving spouse and/or child, a basic death benefit is available as outlined under the section entitled "Death Benefits After Retirement."

Optional Forms of Benefits - Members retiring on service retirements have the opportunity to select either the "basic benefit" as provided by Chapter 411, or one of four optional forms of benefit. Upon selection of an option, the spousal benefit provided under the basic plan is replaced by the option. The four options are calculated using actuarial tables which were developed to consider the age of the member at retirement, the age of the member's designated beneficiary, and the assumed life expectancy of both.

Optional Forms of Benefit (Service/Vested Retirement Only)

Joint and 75% Survivor Annuity: The member receives an actuarially adjusted benefit for their lifetime. Upon the member's death, the named beneficiary receives 75% of the gross amount of the member's payment at the time of the member's death. The beneficiary receives this amount for their lifetime. Upon the death of the beneficiary, the benefit ends. If the beneficiary dies before the member, the benefit ends with the death of the member.

Joint and 100% Survivor Annuity: The member receives an actuarially adjusted benefit for their lifetime. Upon the member's death, the named beneficiary receives 100% of the gross amount of the member's payment at the time of the member's death. The beneficiary receives this amount for their lifetime. Upon the death of the beneficiary, the benefit ends. If the beneficiary dies before the member, the benefit ends with the death of the member.

Single Life Annuity with Designated Lump Sum: The member receives an actuarially adjusted benefit for their lifetime. Upon the death of the member, a pre-designated lump sum is paid to the named beneficiary or beneficiaries, and the benefit ends. If the beneficiary dies before the member, the lump sum is paid to the member's estate.

Straight Life Annuity: An actuarially adjusted benefit is payable to the member for their lifetime. Under this option, no further benefits are payable upon the member's death.

For each of the optional forms of benefits, a member may designate any individual as the named beneficiary. If a member is married and selects someone other than his or her spouse, a consent form must be filed by the spouse before the election is valid. All beneficiary elections are considered final once the first benefit payment has been cashed and no changes can occur after that time.

Those members within six months of retirement who desire further information on the optional forms of benefits may re-quest, in writing, an estimate from the System. All requests must include the member's name, social security number, date of birth, date of hire, anticipated date of retirement, address, marital status, beneficiary name, beneficiary date of birth, relationship to beneficiary, and a phone number.

Accidental Disability Benefit

Eligibility - A "Member in Good Standing" is eligible at any age with any length service. To qualify, the permanent (defined as lasting a year or more) incapacitating disability must have been incurred in the line of duty. Any heart, lung, or respiratory tract disease is presumed to have been contracted in the line of duty.

Pre-existing condition – Code Section: 411.6 (5) (a) clarifies when a medical condition is known to exist. For disability applications, a medical condition is known to exist on the date the membership commenced if it is reflected in any record or document completed or obtained as a result of the System's medical protocol (medical entrance exams) or in a document obtained during the disability application process.

Benefit Description - A pension equal to 60% of the average final compensation. The pension will be based on the Service Retirement Benefit formula if that formula results in a higher benefit. This pension is eligible for the annual escalator.

NOTE: Optional forms of benefits are not available for disability retirements.

Ordinary Disability Benefit

Eligibility - A "Member in Good Standing" is eligible at any age with any length of service. To qualify, the member must have a permanent (defined as lasting a year or more) incapacitating disability which was not incurred in the line of duty.

Pre-existing condition – Code Section: 411.6 (5) (a) clarifies when a medical condition is known to exist. For disability applications, a medical condition is known to exist on the date the membership commenced if it is reflected in any record or document completed or obtained as a result of the System's medical protocol (medical entrance exams) or in a document obtained during the disability application process.

Benefit Description - The member is eligible for (a) or (b):

- (a) If five or more years of service, a pension equal to 50% of the member's average final compensation
- (b) If less than five years of service, a pension equal to 25% of the member's average final compensation

The pension will be based on the Service Retirement Benefit formula if that formula results in a higher benefit. This pension is eligible for the annual escalator.

NOTE: Optional forms of benefits are not available for disability retirements.

Accidental/Ordinary Disability (Other Requirements)

Medical Re-Evaluation - The System may review the medical records of all members who are under age 55 and who retired on account of disability. The purpose of this review is to determine which members should be medically re-examined with the possibility of return to active employment.

Earnings Test - All members on disability retirement are required to submit to the System, annually, a complete copy of their federal and/or state of Iowa income tax reporting form with the exception of a member who is 55 or older. Additional documentation may be requested from the member to determine gross wages. The System will review the reports and shall reduce the member's monthly disability allowance if the member's earnings exceeds the difference between the member's disability allowance and one and one-half times the current earnable compensation of an active member at the same rank and pay scale the disabled member held at retirement.

Temporary Disability Payments

Eligibility - No age or service requirement. Non-permanent disability incurred in the line of duty. The retirement System defines "non-permanent" as a period of less than a year. These benefits will be paid by the individual city from the city's trust and agency funds or the city's general funds and the determination of the eligibility rests with the employing city.

Benefit Description - Continuation of "full pay and allowances" until the member is determined to be recovered to return to work or permanently disabled.

Accidental Death Benefit

Eligibility - Death of an active member from causes sustained in the line of duty. Any heart, lung, or respiratory disease is presumed to have been contracted in the line of duty.

Benefit Description - To the pre-designated beneficiary, or to the surviving spouse, dependent children, and/or dependent parents, the following:

- (a) a pension equal to 50% of average final compensation
- (b) for each dependent child, a monthly pension equal to 6% of the average earnable compensation of the active membership of the retirement System, as reported by the actuary.

An individual entitled to the pension described in (a) above may elect to receive the lump sum ordinary death benefit described on the following page in lieu of the pension.

Should there be no surviving spouse, dependent children, and/or dependent parents, the "Accidental Death Benefit" is converted into an "Ordinary Death Benefit" and paid to the designated beneficiary. If no designation has been made, the "Ordinary Death Benefit" is paid to the member's estate. This pension is eligible for the annual escalator.

Accidental Death Lump Sum Payment

Eligibility – Death of an active member due to a traumatic personal injury incurred in the line of duty.

Benefit Description – To surviving spouse or dependents, a single lump sum payment of \$100,000. This benefit is in addition to any Accidental Death Benefit that may be payable.

Ordinary Death Benefit

Eligibility - Death of an active or terminated vested member from causes not sustained in the line of duty.

Benefit Description - To the pre-designated beneficiary, after one year of service, a lump sum equal to 50% of the earnable compensation during the year preceding death or during the last year of service if the deceased member was terminated vested.

Alternative Benefit – A surviving spouse, children per definition of the code, or dependent parents, may elect in lieu of the lump sum:

- (a) a pension equal to 40% of average final compensation but not less than 20% of the average earnable compensation of the active membership of the System, as reported by the actuary
- (b) for each child, a monthly pension equal to 6% of the average earnable compensation of the active membership, as reported by the actuary.

This pension is eligible for the annual escalator.

Except for children's benefits, if the member was not in service at the time of death (terminated vested), pension benefits are not payable to the beneficiary until the date the member would have reached age 55. An exception to this starting date applies if there is a child(ren). In such a case, the spousal benefit can be paid while this situation (regarding children) exists.

Death Benefit After Retirement

Eligibility - Death of a retired member while receiving a service (basic benefit only), ordinary, accidental, or vested (basic benefit only) retirement.

Benefit Description - To the surviving spouse, an amount equal to 50% of the gross monthly benefit received by the member, but not less than 20% of the average earnable compensation of the active membership of the System, as reported by the actuary (see note below).

For each child, a monthly pension equal to 6% of the average earnable compensation of the active membership of the System, as reported by the actuary.

This pension is eligible for the annual escalator. This benefit is not affected by remarriage.

NOTE: If the member retired on a SERVICE RETIREMENT and selected an optional form of benefits instead of the basic benefit plan, the eligibility and benefits are paid in accordance with the option chosen.

Terminated Vested

Eligibility - At least four years of service upon termination of membership before age 55, or at least four years but less than 22 years of service upon termination of membership after age 55.

Benefit Description - If the employment of a member is terminated (other than by death or disability) before age 55, or after age 55 but with less than 22 years of service, and the member has at least four years of service, the member is entitled to a benefit commencing on the member's retirement age.

The amount of the pension shall be a fraction of the pension the member would have received if the member had other-wise been eligible for a service retirement at the time of termination of employment. The fraction shall be $\frac{4}{22}$ for four years of service plus $\frac{1}{22}$ for each additional year of service up to a total of 22 years. For years of service over 22, additional credits may be earned (as described under service retirement). This retirement allowance shall be based on the individual's average final compensation at the time the employment was terminated.

Optional forms of benefits (as described under service retirement) are available for terminated vested members effective July 1, 1993.

This pension is **not** eligible for the annual escalator.

Additional Benefit Provisions

Refund of Contributions - Effective July 1, 1990, members in service on or after that date who terminate service (other than by death or disability) may withdraw all their contributions from the date of hire, with interest calculated for the period of membership.

If a member does withdraw contributions, the member waives all claims for other benefits for the period of membership for which the withdrawal is made. The contributions being withdrawn will be credited with an annualized simple interest rate determined by the Board of Trustees, currently set at 5%.

Members who terminate service have the option to rollover the taxable portion of their refund directly to another qualified retirement plan or to an Individual Retirement Account (IRA). Such rollovers must be approved in advance by the MFPRSI.

The System can automatically disperse such contributions for terminated, non-vested members who have been absent from active membership for four years or more, in accordance with the IRS Code.

Please contact the office of the System for further information regarding your account.

V. APPLICATION PROCESSING

Members who desire to obtain information concerning their retirement rights are encouraged to contact the System in advance of the anticipated month of retirement, preferably, sixty days prior to the last date of employment.

Service/Vested Retirement - Applications for retirement may be obtained directly from the retirement System. Upon receipt of the application, the System typically needs a minimum of thirty days to obtain and process the information from the city. Members must include a copy of their birth certificate with all applications. (The System reserves the right to require original or certified copies.) For members choosing an optional form of benefit (service/vested retirement), a marriage certificate and beneficiary birth certificate will also be required.

Death Benefits - Upon the death of a member, the member's spouse and/or guardian of the member's dependent children should contact the System directly to obtain information concerning eligibility for spousal and dependent benefits. Applications for such benefits may be obtained from the retirement System. Applicants must include a copy of their birth certificate, marriage certificate (where applicable), and member's death certificate with all applications. (The System reserves the right to require original or certified copies.)

Refunds - A member of the System who desires to withdraw the monies the member contributed to the System may, upon termination of employment, file a refund application. If a member chooses to rollover the taxable portion of the refund to another qualified plan, the same refund application would need to be completed. Applications are available from the System. The System can automatically disperse such contributions for terminated, non-vested members who have been absent from active membership for four years or more, in accordance with the IRS Code.

Payment Distribution – Effective January 1, 2005, the System makes the monthly benefit payments by electronic funds transfer (direct deposit) to the financial institution chosen by the member or beneficiary. Each month the System sends a benefit statement to each individual who receives the benefits by direct deposit.

VI. DISABILITY PROCESSING

An active member may apply for disability retirement benefits from the System or the Chief of the Department may file for disability retirement for individual members. The Chief may apply in cases where, in the judgment of the Chief, the member is no longer able to perform the necessary functions of a police officer or fire fighter.

To be eligible for a disability benefit, the member must be a "Member in Good Standing," which means a member in service who is not subject to removal by the employing city pursuant to Iowa Code sections 400.18 or 400.19 or other comparable process, and who is not the subject of an investigation that could lead to such removal. A person who is restored to active service for purposes of applying for a pension under this chapter is not a member in Good Standing. This requirement may be waived for good cause as determined by the Board. The burden of establishing good cause is on the member.

1. **INITIATION OF APPLICATION:** The process originates as an application to the retirement system by the member or the chief of the department. An application is sent to the member or chief by the Retirement System. Included with the application for disability retirement is "Question and Answers Concerning "Ordinary" and "Accidental" Disability".
2. **ADMINISTRATIVE PROCESSING:** Forms are completed and forwarded to the retirement System. If the forms are not complete, they will be returned for completion. When all forms are completed, a letter is sent to the member, Chief of the department, and City Administration that an application has been received. The package shall include copies of medical records from all of the relevant physicians. If medical records are not included, the System contacts the listed physicians for copies of the files on the individual, and requests any films be sent to the Medical Board. Copies of the medical information and application are forwarded to the Medical Board for review.
3. **SCHEDULING OF APPOINTMENTS:** Upon receipt of a completed application, and after sufficient medical information has been forwarded to the Medical Board, the System establishes an appointment for the applicant to be seen by the Medical Board in Iowa City. The member is notified by phone and in writing of the appointment, and given general instructions about where to go, who will pay for the appointment, how much time will be required to complete the examination, and information about reimbursement for travel expenses.
4. **MEDICAL BOARD EXAMINATION:** The Medical Board, consisting of one physician from the University of Iowa Occupational Medicine Clinic and one from each medical department as required, examine the member, and perform relevant tests and examinations pertaining to the difficulty the member is having. The Medical Board submits a letter of recommendation to the System based on their findings as to whether or not the member is found to be "permanently" disabled. [Defined as a condition that will continue for at least one year.]

5. **ADMINISTRATIVE COMMENT:** Upon receipt by the retirement System, the Medical Board's letters and supporting notes are distributed to the member and to the employing city for review. The member and the City may forward written statements to the retirement System pertaining to the medical aspect of the letters within ten days of their transmittal. If relevant information is contained within the written statements received from the City or the member, the Executive Director may, prior to making a determination, solicit the Medical Board review and comment concerning the information.
6. **ADMINISTRATIVE DETERMINATION:** The Medical Board's letters and supporting tests, as well as the member's file are reviewed by the Executive Director who makes a determination of disability. Upon determination, a letter is sent to the member, the member's department chief, and to the city with the determination and copies of the letters submitted by the Medical Board. [See Note 1.] Included with the determination letter is "Questions and Answers Regarding Regulatory Requirements: Taxation, Earnings Test, and Re-examination for Return to Work".
7. **APPEAL RIGHTS:** The member and/or the city may appeal the decision, in writing, within 30 days of the date of the initial letter of determination. Notice of the hearing shall be given at least thirty days prior to the scheduled date of the hearing
8. **APPEAL COMMITTEE:** If an appeal is filed, an appeal hearing is established with a committee made up of three members of the Board of Trustees. System Exhibits for the hearing are provided to each party to the appeal prior to the date of the hearing. Hearings are conducted in accordance with the MFPRSI Administrative Rules. Both the member and the city have the right to bring evidence and testimony before the committee.
9. **BOARD OF TRUSTEES:** The Appeal Committee sets forth a statement of the case, findings of fact, and the recommended decision, and brings a recommendation to the full Board of Trustees at the next meeting of that body for discussion and the Board's decision. The decision of the Board on behalf of the System is distributed to all parties.
10. **JUDICIAL REVIEW:** If either party to the appeal disagrees with the decision of the Board of Trustees, a certiorari action may be filed in District Court. The Court's review is limited to questions of law.

[(1) The date the original decision is made is the date that benefits will begin (if applicable). If benefits are approved, and the decision is appealed, the member continues to receive payments pending the outcome of the appeal. If, after the appeal process is concluded, the award of disability is overturned, the member may be required to repay the amount already received, or upon later retirement, may have payments suspended until the amount is recovered by the System.]

VII. List of Participating Cities

Ames	Ankeny	Bettendorf
Boone	Burlington	Camanche
<i>Carroll</i>	Cedar Falls	Cedar Rapids
Centerville	Charles City	Clinton
<i>Clive</i>	Council Bluffs	Creston
Davenport	Decorah	Des Moines
<i>DeWitt</i>	Dubuque	<i>Estherville</i>
<i>Evansdale</i>	Fairfield	Fort Dodge
Fort Madison	Grinnell	<i>Indianola</i>
Iowa City	Keokuk	<i>Knoxville</i>
<i>LeMars</i>	<i>Maquoketa</i>	Marion
Marshalltown	Mason City	Muscatine
Newton	Oelwein	Oskaloosa
Ottumwa	<i>Pella</i>	Sioux City
Spencer	Storm Lake	Urbandale
Waterloo	Waverly	Webster City
West Des Moines		

(Cities in Italics have police departments only)

VIII. SAMPLE BENEFIT CALCULATIONS

The next several pages provide a benefit estimate calculation worksheet and show sample calculations of each benefit type available to members, including the Optional Forms of Benefits for service/vested retirement. **These calculations are for informational purposes only.**

If you are interested in obtaining an estimate of your benefit, please contact the System, in writing, with the following information:

- Name
- Address
- Social Security Number
- Date of Birth
- Date of Hire
- Anticipated Date of Retirement
- Marital Status*
- Beneficiary Name*
- Beneficiary Date of Birth*
- Relationship to Beneficiary*
- Phone Number

* For calculation of Optional Forms of Benefits

NOTE: If you are requesting a calculation of the Optional Forms of Benefits and you are married but your beneficiary is someone other than your spouse, you will also need to provide your beneficiary's date of birth.

**ESTIMATE OF RETIREMENT BENEFITS
(Basic Retirement Benefit Only)**

A) IF YOU RETIRE NOW

- 1) Estimate your current high 3 year of compensation: \$_____
- 2) Determine your current "high 3 average" by dividing the dollar in Step A-1 by 3:
\$_____
- 3) From the chart below select the percentage multiplier which agrees with your current years of service: %_____
- 4) Multiply the percentage (Step A-3) times the dollar amount indicated in Step A-2:
\$_____, this is your estimate of the benefit if you retire now.

B) IF YOU RETIRE LATER

- 1) Estimate your future high 3 year of earnable compensation: \$_____
- 2) Determine your current "high 3 average" by dividing the dollar in Step B -1 by 3:
\$_____
- 3) From the chart below select the percentage multiplier which agrees with the years of service you will have at the future retirement date: %_____
- 4) Multiply the percentage (Step B - 3) times the dollar amount indicated in Step A-2:
\$_____, this is your estimate of the benefit if you at the future date.

Service Multiplier Chart

Years of Service	Multiplier %
22 years of service	66
23 years of service	68
24 years of service	70
25 years of service	72
26 years of service	74
27 years of service	76
28 years of service	78
29 years of service	80
30 or greater years of service	82

[If less than 22, multiply number of full years by 3% for each year.]

Accidental Disability Retirement (Work Related)

Earnable Compensation for Highest 3 Years of Service (by Pay Period)

Time Period	Earnable Compensation
Year 1	\$23,994.00
Year 2	\$26,540.00
Year 3	<u>\$29,996.00</u>
Total	\$80,530.00

Total Final Earnable Compensation divided by 36 equals average monthly final compensation:
(\$80,530.00 / 36) \$2,236.94

Benefit Amount

A monthly pension which **equals 60%** of the monthly average final compensation

High 3 years of Earnable Compensation:	\$2236.94
Multiplied by percentage:	<u>60%</u>
Monthly Benefit:	\$1342.00

Alternate Benefit

The disability pension will be based upon the service retirement benefit formula, if that formula results in a higher benefit amount.

Ordinary Disability Retirement (Non-Work Related)

Earnable Compensation for Highest 3 Years of Service (by Pay Period)

Time Period	Earnable Compensation
Year 1	\$23,994.00
Year 2	\$26,540.00
Year 3	<u>\$29,996.00</u>
Total	\$80,530.00

Total Final Earnable Compensation divided by 36 equals average monthly final compensation:
(\$80,530.00 / 36) \$2,236.94

Benefit Amount

A monthly pension which **equals 50%** of the monthly average final compensation

High 3 years of Earnable Compensation:	\$2236.94
Multiplied by percentage:	<u>50%</u>
Monthly Benefit:	\$1118.00

Alternate Benefit

The disability pension will be based upon the service retirement benefit formula, if that formula results in a higher benefit amount.

Accidental Death Benefit (Work Related)

Earnable Compensation for Highest 3 Years of Service (by Pay Period)

Time Period	Earnable Compensation
Year 1	\$23,994.00
Year 2	\$26,540.00
Year 3	<u>\$29,996.00</u>
Total	\$80,530.00

Total Final Earnable Compensation divided by 36 equals average monthly final compensation:
 (\$80,530.00 / 36) \$2,236.94

Benefit Amount

For surviving spouse: A monthly pension which **equals 50%** of the monthly average final compensation. **Note:** A surviving spouse minimum is applicable in this situation.

High 3 years of Earnable Compensation:	\$2236.94	
Multiplied by percentage:		<u>50%</u>
Monthly Benefit:		\$1118.00

For each child (as defined by statute): A monthly pension which **equals 6%** of the average earnable compensation of an active member of the System, as reported by the actuary:

Average Earnable Compensation of Members:	\$2236.94	
Multiplied by percentage:		<u>6%</u>
Monthly Benefit:		\$216.00

Ordinary Death Benefit (Non-Work Related)

Earnable Compensation for Highest 3 Years of Service (by Pay Period)

Time Period	Earnable Compensation
Year 1	\$23,994.00
Year 2	\$26,540.00
Year 3	<u>\$29,996.00</u>
Total	\$80,530.00

Total Final Earnable Compensation divided by 36 equals average monthly final compensation:
 (\$80,530.00 / 36) \$2,236.94

Benefit Amount

For surviving spouse: A monthly pension which **equals 40%** of the monthly average final compensation. **Note:** A surviving spouse minimum is applicable in this situation.

High 3 years of Earnable Compensation:	\$2236.94	
Multiplied by percentage:		<u>40%</u>
Monthly Benefit:		\$895.00

For each child (as defined by statute): A monthly pension which **equals 6%** of the average earnable compensation of an active member of the System, as reported by the actuary:

Average Earnable Compensation of Members:	\$2236.94	
Multiplied by percentage:		<u>6%</u>
Monthly Benefit:		\$216.00

**Death Benefit After Retirement
(Excludes Optional Forms of Payment)**

Decedent's Monthly Benefit Amount = \$1,543.00

Benefit Amount

For surviving spouse, if the member retired under the basic formula: A monthly pension which equals **50%** of the monthly benefit amount of the deceased member

Retiree's Monthly Benefit:	\$1543.00	
Multiplied by percentage:	<u>50%</u>	
Spouse's Monthly Benefit:		772.00

For each child: A monthly pension that **equals 6%** of the average earnable compensation of the active membership of the System, as reported by the actuary

Average Earnable Compensation	\$3600.00	
Multiplied by percentage:	<u>6%</u>	
Monthly Benefit		\$216.00

SURVIVING SPOUSE MINIMUM

A monthly pension that equals 20% for the average earnable compensation of the active membership of the System, as reported by the actuary.

Average earnable compensation:	\$3600.00	
Multiplied by percentage:	<u>20%</u>	
Monthly Benefit		\$720.00

IX. ADDITIONAL INFORMATION

Annual Statements

Each active member of the retirement System receives an annual statement from the retirement System which describes their period(s) of service under the provisions of Iowa Code Chapter 411, the contributions they have made to the System, and identifies their address and social security number. It is important that each member carefully review the statement and report any differences to the System. The statements are typically mailed to the last known address of each active member in the spring of each year.

Sums payable under the plan by reason of an active member's death prior to retirement will be paid to the designated beneficiary on file with the System. Members may change their designation at any time.

Benefit Counseling

The retirement System provides counseling to the active and vested membership of the System concerning their individual rights under the plan. The membership may schedule a counseling session by phone, or may make their inquiries via mail or e-mail, or may visit the offices of the System for an in-person consultation (please contact the System in advance if you wish to visit the System's office so that a Pension Officer can prepare for your visit).

Benefit Estimates

The retirement system develops and transmits upon request an estimate of the benefits payable for a member who will be retiring in the future; please contact the System to request a written estimate of your future benefit.

NOTE: Such estimates do not constitute a formal commitment of the System to pay a benefit at the estimated level and are not in any manner binding upon the System.

IRS Levy

In accordance with Federal Regulatory requirements, the retirement System must recognize and conform with the requirements of an Internal Revenue Service Levy. Such action by the IRS places a claim on all or a portion of the monthly benefits of a retired member or beneficiary receiving payments from the System.

Marital Property Orders (MPO) and Child Support Orders In accordance with the requirements of the Iowa Code and applicable Court decisions, the retirement System must comply with the requirements of a qualified Marital Property Order established by a Court during the dissolution of a marriage. A Marital Property Order must meet the requirements of the System as established by Chapter 411 of the Code of Iowa and therefore, should be submitted to the System for approval prior to finalization by the District Court. Additionally, the System also must comply with Child Support Orders filed with the System by the Child Support Recovery Division of the State of Iowa.

"Confidentiality of Investment Records & Information" allows the System to maintain as confidential certain investment records if the disclosure of such information could result in harm to the retirement System or to the provider of such information. This also provides that the Board of Trustees may hold a closed session to discuss financial or commercial information if the release of such information could result in harm to the System or the provider of such information.

X. DROP PROGRAM

The Deferred Retirement Option Plan (DROP) is a distribution option available to the active members of the system. The program contains the following provisions. (See Note 1)

Eligibility: Active member of System, at least 55 years of age, with 22 or more years of service.

Participation Period: A 3, 4 or 5 year participation period. [Special Provision: During the first 24 months of the DROP program, members age 62 - 64, with at least 22 years of service may enroll for a one-year or two-year participation period.]

Effective Date of Enrollment: Effective the first day of the month following the month in which they apply for participation.

Benefit Determination: The monthly retirement benefit will be determined based on the period of service and final average pay through the quarter of membership service immediately preceding the participation date elected. Called the "**Chapter 411 Benefit**", the Benefit will not change from the DROP participation date forward except for escalation after retirement.

DROP Account: An account established for each member enrolled, which will have a portion of the Chapter 411 Benefit credited to it for the duration of the selected participation period. The portion shall be comprised of the following:

- 1) A "**minimum percentage**" of 52% multiplied against the Chapter 411 Benefit, **plus**
- 2) An "**adjustment percentage**," which will be determined based on the number of months between the date the member elects to participate in the DROP and the date the member was initially eligible to participate, multiplied against the Chapter 411 Benefit.

For each month the individual delays participation, an additional 2% will be added as an adjustment percentage.

For example, if an individual waits 24 months to enroll in the DROP, the individual's overall DROP formula will be: [52% plus (2% x 24 months)] = 100%.

Member Contributions: Members' contributions will be credited to the System assets during the member's DROP participation period.

City Contributions: City's Contributions will be contributed to the System assets during the member's DROP participation period.

Investment Return: Earnings and capital gains/losses on the investments will be credited to the System assets and not to the individual members' accounts.

Benefit Escalation: The escalation provisions will apply from the actual date of retirement at the end of the DROP participation period. No escalation will occur during the DROP participation period.

Benefit Distributions: At the actual date of retirement, the member's DROP Account will be payable, upon member application, in the form of a lump sum distribution or a rollover to an eligible

plan. The regular Chapter 411 monthly benefits will also begin for the member.

Premature Withdrawal from DROP Account, Death or Disability: If a member leaves the DROP prematurely there will be a 25% reduction in their DROP account which will be transferred to the System's general assets. If the member dies or suffers a disability under the Chapter 411 provisions, they or their beneficiary shall receive the entire amount from the member's DROP Account, with no reduction.

Cost Determinations: The retirement System's actuary estimates that the plan design described in this report will not add additional contribution costs to the plan. However, if contribution costs do occur due to DROP program experience that are not consistent with the actuarial assumptions or for any other reason associated with the DROP, the contribution costs will be assigned to the active membership of the plan for payment.

NOTE 1: Accrual of Drop Benefit shall occur in accordance with the following administrative rule adopted by the System.

14.4 Accrual of DROP Benefit. *An amount equal to seventy-five percent of the member's DROP benefit shall accrue to the benefit of the member for each month of participation in the plan. An amount equal to twenty-five percent of the member's accumulated DROP benefit shall accrue to the benefit of the member upon the occurrence of any of the following events: (1) termination of participation in the plan on the selected plan termination date; (2) termination of participation prior to the selected plan termination date as the result of entitlement to a disability benefit under either section 411.6(3) or section 411.6(5); or (3) death prior to the selected plan termination date.*

This rule is intended to implement Iowa Code section 411.6C(2)(c).