

MFPRSI

MUNICIPAL FIRE & POLICE
RETIREMENT SYSTEM OF IOWA

**Member
Handbook**

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MFPRSI's Purpose

To promote economy and efficiency in the municipal public safety service within the State of Iowa. In order to achieve its purpose, MFPRSI is charged with the administration of a retirement plan which makes pension payments to its members who have retired from public service as a police officer or fire fighter and to their beneficiaries. MFPRSI administers a comprehensive disability program for its membership and the forty-nine employing cities.

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

Administration and Contact Information

Currently, there are ten individuals comprising the retirement system's administration (the "administration").

MFPRSI Administration	
Terry Slattery Executive Director	Dan Cassady Deputy Director
Brian Danielson Benefits Supervisor	Sandra Wells Senior Pension Officer
Jill Hagge Senior Pension Officer	Angie Conner Senior Pension Officer
James Bybee Accountant / Investment Officer	Blake Jeffrey Accountant / Investment Officer
Cody Jans Accountant / Investment Officer	BriAnna Nystrom Administrative Officer

MFPRSI's pension officers are a valuable source for information and assistance regarding your benefits. They can explain the different benefit options, provide you with an estimate of your benefits, and counsel you regarding your retirement resources.

Pension officers are available to speak with you on the telephone from 8:00 a.m. to 4:30 p.m. Monday through Friday. Or, stop by our office in person or e-mail us!

Website	Email	Telephone	Address
www.mfprsi.org	pensions@mfprsi.org	515.254.9200 888.254.9200	7155 Lake Drive, Suite 201 West Des Moines, IA 50266

Board of Trustees

MFPRSI was created as an instrumentality of the cities under the direction of a Board of Trustees (the “Board”). In accordance with Iowa state law, the Board consists of four representatives of its membership (two fire fighters appointed by the fire association and two police officers appointed by the police association), four representatives of the participating cities (appointed by the Iowa League of Cities), and one private citizen (selected by the appointed members of the Board).

The activities of the retirement system are governed by Iowa Code Chapter 411 which provides for its establishment and programs. All investment programs are governed by both Chapter 97B and Chapter 411 of the Iowa Code.

As of April 30, 2013, the Board is comprised of the following members:

Voting Board of Trustee Members	
Mary Bilden Citizen Member - Boone Current Term Expires April 2014	P. Kay Cmelik City Clerk / Finance Director Current Term Expires April 2017
Eric Court Police Sergeant - Davenport Current Term Expires April 2017	June Anne Gaeta Fire Captain Current Term Expires April 2014
Frank Guihan Retired Firefighter - West Burlington Current Term Expires April 2014	Duane Pitcher Director of Finance - Ames Current Term Expires April 2014
Marty Pottebaum Retired Police Officer Current Term Expires April 2015	Scott Sanders Finance Director Current Term Expires April 2015
Michelle Weidner Chief Financial Officer - Waterloo Current Term Expires April 2016	

The Board includes four members of the Iowa General Assembly, two from the Iowa Senate and two from the Iowa House of Representatives. The legislative members are ad-hoc and hold non-voting seats. The following legislators are members of the Board as of January 1, 2013:

Legislative Board of Trustee Members	
Senator Wally E. Horn	Representative Scott Ourth
Senator Ken Rozenboom	Representative Jason Schultz

Definitions

The following words and phrases are found in Iowa Code Chapter 411 and are used by MFPRSI and this handbook to describe the various features of the retirement system. When these words or phrases are used they have the following meanings unless the context clearly indicates a different meaning is intended.

A

Annual Escalator refers to the annual benefit adjustment eligible members and beneficiaries receive. Members who are classified as terminated-vested are not eligible. Each year on July 1 eligible retirees and beneficiaries monthly benefit is annually adjusted by the addition of both (a) and (b):

Annual Escalator Rules

- (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 years, but less than 20 years
 - \$25 - retired at least 10 years, but less than 15 years
 - \$20 - retired at least 5 years, but less than 10 years
 - \$15 - retired less than 5 years

Average Final Compensation is the average earnable compensation of the member during the three years of service in which the member earned his/her highest salary as a police officer or firefighter. If the member had less than three years of service, the average earnable compensation will consist of his/her salary during the entire period of service.

B

Beneficiary refers to any person receiving a retirement allowance or beneficiary benefit.

Board of Trustees (the "Board") indicates the board created to direct the establishment and administration of the retirement system.

C

Child refers to the only surviving issue of a deceased active or retired member, or a child legally adopted by a deceased member prior to retirement. The term *child* is further defined as one of the following:

- 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 according to the definitions used in Section 202 of the Social Security Act as amended if the disability occurred during the time the individual was under the age of eighteen years and the parent was an active member of the retirement system.

City or *Cities* means any city participating in the statewide retirement system as required by Iowa Code Chapter 411. Currently, forty-nine cities in Iowa have police and/or fire departments participating in the retirement system.

Confidentiality of Investment Records & Information references Administrative Rule 2.3(2) of the retirement system allowing certain investment records be maintained as confidential if the disclosure of such information could result in harm to the retirement system or to the provider of such information. Additionally, the Board may hold a closed meeting session to discuss financial or commercial information if the release of such information could result in harm to the retirement system or the provider of such information.

E

Earnable Compensation means the annual compensation received by a member for services rendered as a police officer or firefighter in the course of employment with a participating city. However, this term shall not include amounts received for the following:

- Overtime compensation;
- Meal or travel expenses;
- Uniform allowances;
- Severance pay;
- Mandatory deferred compensation; and,
- Lump sum payout at termination for accumulated sick leave or vacation pay.

Employer's Contributions indicates the monies contributed by the cities participating in the statewide retirement system on a payroll period basis, at the rate established annually by the retirement system. The rate will not be less than 17% of the earnable compensation of the active membership.

F

Firefighter or *Firefighters* indicates only the members of a fire department who have passed a regular mental and physical civil service examination for firefighters and who have been duly appointed to such positions. Members included in this definition include firefighters, probationary firefighters, lieutenants, captains, and other senior officers who have been employed for firefighter duty.

M

Medical Board means the board of physicians designated by the Board pursuant to Iowa Code section 411.5.

Member means a participant 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 firefighter in a participating city.

Member in Good Standing refers to 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 with MFPRSI 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 that of the member.

Member's Contributions refers to the monies contributed by the individual active members of the statewide retirement system through mandatory payroll deductions on a payroll period basis. The rate, as established by statute, is a percentage of the earnable compensation of the member. The rate for all members is currently 9.40%.

Membership Service indicates, in general, an individual's service as a police officer or firefighter while a member of the retirement system. Membership service includes a veteran's purchase of service credit and purchase of service credit for prior service as described on below.

P

Pension refers to annual lifetime payments derived from contributions provided by the participating cities and the members which are deposited in MFPRSI's retirement fund. All pensions shall be paid in equal monthly installments.

Police officer or *Police officers* means 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.

R

Re-employed or *Re-employment* refers to a person receiving a service retirement from MFPRSI becoming re-employed. The benefit is suspended for the duration of the re-employment and amounts earned during the period of re-employment are not earnable compensation with MFPRSI.

Refund Buy-Back (or "*Purchase of Service Credit for Prior Service*") refers to an eligible active member who purchases up to five years of service credit for a prior period of service under MFPRSI. Eligible active members are members of the 411 retirement system for five or more years and who have received a refund of contributions for a prior period of service. The purchased service credit will be recognized by MFPRSI for the purposes of calculating the member's benefit pursuant to Internal Revenue Code 415(n) and its requirements. Eligible active members who apply for a refund buy-back will be responsible for the full actuarial cost of such service.

Retirement System (or "*System*") indicates the statewide pensions plan established for firefighters and police officers of the participating cities. Municipal Fire and Police Retirement System of Iowa ("MFPRSI") may also be used when referencing the Iowa Code Chapter 411 pension plan.

S

Statute refers to Iowa Code Chapter 411 unless otherwise specified.

Surviving spouse indicates either the surviving spouse of a member who died while in active service or the surviving spouse of a retired member of the retirement system. Surviving spouse may 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 the rights of a spouse under statute.

V

Vested member means a member who has become eligible to receive monthly retirement benefits upon the member's retirement as the result of either completing at least four years of service or attaining the age of fifty-five while performing membership service.

Veteran's Purchase of Service Credit means the eligibility of an active member of the retirement system who served in the military and who has at least 5 years of membership service in the retirement system to purchase up to 5 years of membership service, as credit for military service, in the retirement system. The military service cannot have already been established in the plan under the provisions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). The member shall make application to the retirement system and will pay the full actuarial cost of such service.

Retirement Checklist

The following information describes the steps you should consider taking prior to service retirement, when filing for a disability, or if you are ending MFPRSI-covered employment prior to age 55:

Service Retirement

- Contact us three to six months prior to your retirement date to obtain a service retirement application and a benefit estimate.
- Have your employing city complete section D of the application.
- Have section E of the application notarized.
- Collect the following certificates (we reserve the right to require original or certified copies):
 - Your birth certificate;
 - Your spouse's birth certificate;
 - Your marriage certificate; and,
 - If your spouse was married previously to marriage to you, please collect your spouse's prior marriage certificate, divorce decree, or prior spouse's death certificate.
- Submit your service retirement application and certificates to us no more than 90 days prior to your retirement date.

Disability Retirement

- Contact us to obtain a disability retirement application.
- Have your employing city complete section II-B of the application.
- Collect the following certificates (we reserve the right to require original or certified copies):
 - Your birth certificate;
 - Your spouse's birth certificate;
 - Your marriage certificate; and,
 - If your spouse was married previously to marriage to you, please collect your spouse's prior marriage certificate, divorce decree, or prior spouse's death certificate.
- If possible, obtain copies of your medical records, x-rays, and MRI's from the physicians and clinics you've seen for your disabling condition. Make sure to keep these documents carefully grouped according to the physician or clinic. We will attempt to collect this information if it is not provided with the application.
- Submit your disability retirement application, medical records, and certificates to us.

Termination of Employment prior to Age 55

- Contact us to discuss your options and to obtain the appropriate application for either terminated vested status or for a refund of your contributions.

Benefits

MFPRSI offers several types of retirement benefits. This section provides eligibility requirements, descriptions, and the benefit formula for every type of retirement benefit. Your eligibility for retirement and which type of retirement benefit primarily depend on the amount of credited service you have acquired and your age. The Board and administration are required to manage the retirement system in compliance with statutory provisions. Revisions can only be instituted by the Iowa General Assembly. Example calculations for each form of retirement benefit can be found starting on page 25.

Service Retirement Benefit

Eligibility - You must be age 55 or older with at least 22 years of service in order to qualify for a service retirement benefit.

Basic Benefit Description - The service retirement benefit is equal to 66% of your average final compensation. If you have worked more than 22 years, there is an additional 2% credit for each year worked over 22 years but not exceeding 30 years. In order to simplify matters, please refer to the Service Multiplier Chart below in order to discover the percentage you've earned. When you die after retiring, survivor benefits will be paid according to the benefit payment option you select. A basic death after retirement benefit is outlined under the section entitled *Death Benefit After Retirement* on page 15.

Service Retirement Benefit Formula

$$\begin{array}{ccccccc} \text{High 3 Years} & & & \text{Average Monthly} & & & \\ \text{Earnable} & \div & 36 = & \text{Earnable} & \times & \text{Service Multiplier} & = \\ \text{Compensation} & & & \text{Compensation using} & & \text{Percentage*} & \text{Monthly Pension} \\ & & & \text{High 3 Years} & & & \text{Benefit} \end{array}$$

*Find your Service Multiplier Percentage on the Service Multiplier Chart below by locating the percentage corresponding to the number of years you have worked as a member of the retirement system.

Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.

Service Multiplier Chart

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

If years of service are fewer than 22, multiply number of completed years by 3%.

Optional Forms of Benefit - If you are retiring with a service retirement, you have the opportunity to select either the “basic benefit” as described on the previous page or one of six optional forms of benefit. The spousal benefit provided under the basic plan is replaced by the option selected. The six options are calculated using actuarial tables which were developed to consider your age of retirement, the age of your designated beneficiary, and the assumed life expectancy of both you and your beneficiary.

Six Optional Forms of Service Retirement Benefit

1. Joint & 75% Survivor Annuity

You receive an actuarially adjusted benefit for the duration of your life. Upon your death, your designated beneficiary receives 75% of the gross amount of your retirement payment at the time of your death. Your beneficiary will receive this amount for his or her lifetime. Upon the death of your beneficiary, the benefit ends. If your beneficiary dies before you, then the benefit ends when you die.

2. Joint & 75% Survivor Annuity with Pop-up

You receive an actuarially adjusted retirement allowance based upon the basic benefit. Following your death, your designated beneficiary will receive for his or her lifetime 75% of your retirement payment at the time of your death. If your designated beneficiary dies before you, then your retirement benefit will be increased to the amount of the service retirement allowance under the basic benefit and no survivor benefit is payable following your death.

3. Joint & 100% Survivor Annuity

You receive an actuarially adjusted benefit for the duration of your life. Upon your death, your designated beneficiary receives 100% of the gross amount of your retirement payment at the time of your death. Your beneficiary receives this amount for his or her lifetime. Upon the death of your beneficiary, the benefit ends. If your beneficiary dies before you, then the benefit ends when you die.

4. Joint & 100% Survivor Annuity with Pop-up

You receive an actuarially adjusted retirement allowance based upon the basic benefit. Following your death, your designated beneficiary will receive for his or her lifetime 100% of your retirement payment at the time of your death. If your designated beneficiary dies before you, then your retirement benefit will be increased to the amount of the service retirement allowance under the basic benefit and no survivor benefit is payable following your death.

5. Single Life Annuity with Designated Lump Sum

You receive an actuarially adjusted benefit for the duration of your life. Upon your death a predetermined one-time lump sum is paid to your designated beneficiary. If your beneficiary dies before you then the lump sum is paid to your estate.

6. Straight Life Annuity

You receive an actuarially adjusted benefit payable to you for your lifetime. Under this option, no further benefits are payable following your death.

For each of the optional forms of benefits, you may designate any individual as the designated beneficiary. However, if you are married and select someone other than your spouse as your beneficiary, then a consent form must be filed by your spouse before the beneficiary election is valid. All beneficiary elections are considered final once the first benefit payment has occurred and no changes can be made after that time.

Please contact us for an estimate if you are within six months of retirement and would like to know more about the optional forms of service retirement benefits. Please be prepared to provide the following:

- Member’s name
- Social security number
- Date of birth
- Date of hire
- Phone number
- Anticipated date of retirement
- Address
- Marital status
- Beneficiary name
- Beneficiary date of birth
- Relationship to beneficiary

Accidental Disability Benefit

Eligibility - If you suffer a permanent incapacitating injury or illness as a result of your duties as a firefighter or police officer and you are a member in good standing, then you are qualified for an accidental disability retirement benefit. There are no age or length of service requirements, but your injury or illness must be considered as lasting one year or longer. Any heart, lung, respiratory tract disease, cancer, or infectious disease as defined below which are presumed to have been contracted in the line of duty meet the eligibility requirements for an accidental disability benefit.

- *Cancer* is defined as prostate cancer, primary brain cancer, breast cancer, ovarian cancer, cervical cancer, uterine cancer, malignant melanoma, leukemia, non-Hodgkin’s lymphoma, bladder cancer, colorectal cancer, multiple myeloma, testicular cancer, and kidney cancer.
- *Infectious disease* is defined as HIV, AIDS, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis.

Pre-existing medical condition - If you have a pre-existing medical condition and you are applying for a disability retirement, your medical condition is known to exist on the date your membership began if it is reflected in any record or document completed or obtained as a result of MFPRSI’s medical protocol (i.e., medical entrance exams) or in any document obtained during the disability application process.

Benefit Description - The accidental disability benefit is equal to 60% of the sum of your average final compensation. The service retirement benefit formula may be substituted if it produces in a higher benefit. This pension is eligible for the annual escalator.

Accidental Disability Retirement Benefit Formula					
High 3 Years Earnable Compensation	÷ 36 =	Average Monthly Earnable Compensation using High 3 Years	x	60%	= Monthly Pension Benefit
Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.					

Please be aware that if you are awarded an accidental disability retirement benefit, optional forms of benefits are not available.

Ordinary Disability Benefit

Eligibility - If you suffer a permanent incapacitating injury or illness while you are an active member and you are a member in good standing, then you are qualified for an ordinary disability retirement benefit. There are no age or length of service requirements, but your injury or illness must be considered as lasting one year or longer and your injury or illness did not occur as a result of your duties as a firefighter or police officer.

Pre-existing condition - If you have a pre-existing medical condition and you are applying for a disability retirement, your medical condition is known to exist on the date your membership began if it is reflected in any record or document completed or obtained as a result of MFPRSI's medical protocol (i.e., medical entrance exams) or in any document obtained during the disability application process.

Benefit Description - If you qualify for an ordinary disability benefit, you are eligible for one of the following:

- a. If you have five or more years of service, you are granted a pension equal to 50% of your average final compensation; or,
- b. If you have fewer than five years of service, you are granted a pension equal to 25% of your average final compensation.

The service retirement benefit formula may be substituted if it results in a higher benefit. This pension is eligible for the annual escalator.

Ordinary Disability Retirement Benefit Formula					
If you have 5 or <u>more</u> years of service:					
High 3 Years Earnable Compensation	÷ 36 =	Average Monthly Earnable Compensation using High 3 Years	x	50%	= Monthly Pension Benefit
If you have <u>fewer</u> than 5 or more years of service:					
High 3 Years Earnable Compensation	÷ 36 =	Average Monthly Earnable Compensation using High 3 Years	x	25%	= Monthly Pension Benefit
Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.					

Please be aware that if you are awarded an ordinary disability retirement benefit, optional forms of benefits are not available.

Additional Requirements for Accidental and Ordinary Disability

Medical Re-Examination - MFPRSI has the right to review the medical records of all members who are under age 55 and who retired on account of disability. MFPRSI holds this right for the purpose

of determining which members should be medically re-examined for possible return to active employment.

Earnings Test - If you are under the age of 55 years and receiving a disability retirement, you are required to annually submit a complete copy of your federal and/or state of Iowa income tax reporting forms to MFPRSI. If you are 55 years or older, you are not subject to the earnings test. Additional documentation may be requested to determine your gross wages. MFPRSI will review the reports and shall reduce your monthly disability benefit if your earnings exceed the difference between your disability allowance and one and one-half times the current earnable compensation of an active member at the same rank and pay scale you held at retirement.

Temporary Disability Payments

Eligibility - If you suffer a non-permanent injury or illness as a result of your duties as a firefighter or police officer, then you may qualify for temporary disability payments. MFPRSI defines “non-permanent” as a period of less than one year. There are no age or length of service requirements for these benefits. Temporary disability payments will be paid by your employing city. The determination of the eligibility rests with your employing city.

Benefit Description - You will continue to receive full pay and allowances until you are determined to be recovered and able to return to work or you are determined to be permanently disabled.

Accidental Death Benefit

Eligibility - If you were to die from causes sustained in the line of duty, your beneficiary is eligible to receive an accidental death benefit. Any heart, lung, respiratory tract disease, cancer, or infectious disease as defined below which are presumed to have been contracted in the line of duty and cause your death meet the eligibility requirements.

- *Cancer* is defined as prostate cancer, primary brain cancer, breast cancer, ovarian cancer, cervical cancer, uterine cancer, malignant melanoma, leukemia, non-Hodgkin’s lymphoma, bladder cancer, colorectal cancer, multiple myeloma, testicular cancer, and kidney cancer.
- *Infectious disease* is defined as HIV, AIDS, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis.

Benefit Description - Your beneficiary or surviving spouse, dependent children, and/or dependent parents, are entitled to the following:

- a. Your beneficiary or spouse receives a pension equal to 50% of the sum of your average final compensation.

- b. Each dependent child receives a monthly pension equal to 6% of the average earnable compensation of the active membership as reported by the actuary.

Accidental Death Benefit Formula					
For the designated beneficiary:					
High 3 Years Earnable Compensation	÷ 36 =	Average Monthly Earnable Compensation using High 3 Years	x	50%	= Monthly Pension Benefit
For each designated child:					
Average annual earnable compensation of the active membership*	÷ 12 =	Average Monthly Earnable Compensation	x	6%	= Monthly Pension Benefit
*The average earnable compensation of the membership is determined by MFPRSI's actuary. Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.					

If your beneficiary or spouse is entitled to an accidental death benefit he or she may elect to receive a lump sum ordinary death benefit described below in lieu of the annual pension. Should there be no surviving spouse, dependent children, or dependent parents, the accidental death benefit is converted into an ordinary death benefit and paid to your designated beneficiary. If you did not designate a beneficiary, the ordinary death benefit is paid to your estate. This pension is eligible for the annual escalator.

Accidental Death Lump Sum Payment

Eligibility - If you are an active member and die due to a traumatic injury incurred in the line of duty, your surviving spouse and dependents are eligible for the accidental death lump sum payment.

Benefit Description - Your surviving spouse and dependents are entitled to 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 - If you are either an active member with at least one year of service or terminated-vested member and die from causes not sustained in the line of duty, your beneficiary, spouse, or dependent children are eligible for an ordinary death benefit.

Benefit Description - If you are an active member, your beneficiary is entitled to a lump sum equal to 50% of your earnable compensation during the year before your death. If you are terminated-vested, your beneficiary is entitled to a lump sum equal to 50% of your earnable compensation during your last year of service.

Alternative Benefit - Instead of the lump sum payment your surviving spouse and children may elect the following:

- a. A pension equal to 40% of the sum of your average final compensation (using up to your highest 3 years of compensation, if applicable), but not less than 20% of the average earnable compensation of the active membership of the retirement system, as reported by the actuary.
- b. Each of your children may receive a monthly pension equal to 6% of the average earnable compensation of the active membership, as reported by the actuary.

Ordinary Death Benefit Formula					
For the designated beneficiary:					
High 3 Years Earnable Compensation	÷ 36 =	Average Monthly Earnable Compensation using High 3 Years	x	40%	= Monthly Pension Benefit
For each designated child:					
Average annual earnable compensation of the active membership*	÷ 12 =	Average Monthly Earnable Compensation	x	6%	= Monthly Pension Benefit
*The average earnable compensation of the membership is determined by MFPRSI's actuary. Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.					

This pension is eligible for the annual escalator. Except for children's benefits, if you were not in service at the time of death (i.e., a terminated-vested member), pension benefits are not payable to your beneficiary until the date you would have reached age 55. An exception to this starting date applies if you have dependent children. In such a case, your beneficiary's pension benefit will be paid.

Death Benefit After Retirement

Eligibility - Your designated beneficiary and children are eligible for a death after retirement benefit if you are a retired member who dies while receiving a service (basic benefit only), ordinary, accidental, or vested (basic benefit only) retirement.

Benefit Description - Your designated beneficiary is entitled to an amount equal to 50% of your gross benefit, but not less than 20% of the average earnable compensation of the active membership of the retirement system, as reported by the actuary. Please be aware that if you retired on a service retirement benefit and selected an optional form of benefit instead of the basic benefit plan, the eligibility and benefits are paid in accordance with the option chosen. Each of your children is entitled to 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. This benefit is not affected by remarriage of your surviving spouse.

Death After Retirement Benefit Formula					
Using the service retirement basic benefit					
For the designated beneficiary:					
Gross benefit at date of death			x	50%	= Monthly Pension Benefit
For each designated child:					
Average annual earnable compensation of the active membership*	÷ 12 =	Average Monthly Earnable Compensation	x	6%	= Monthly Pension Benefit
*The average earnable compensation of the membership is determined by MFPRSI's actuary. Please refer to the Sample Benefit Calculation section starting on page 24 for an example using the service retirement benefit formula.					

Terminated Vested

Eligibility - If you have at least four years of service upon termination of membership and are not yet age 55 or if you have less than 22 years of service upon termination of membership and are older than age 55, you are eligible to receive a terminated vested retirement benefit.

Benefit Description - The amount of the terminated vested pension is a fraction of the pension you would have received if you had been eligible for a service retirement benefit at the time of your employment's termination. The fraction is 4/22 for four years of service plus 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 on page 9). This retirement allowance is based on your average final compensation at the time the employment was terminated. Optional forms of benefits (as described under service retirement on page 10) are available for terminated vested members. Terminated-vested benefits begin when you reach age 55. This pension is not eligible for the annual escalator.

Additional Benefit Provisions

Refund of Contributions - If you terminate active service other than by death or disability, you may withdraw all of your contributions from your date of hire with interest calculated for the period of membership. If you do withdraw contributions, you waive all claims for other benefits for the period of membership for which the withdrawal is made. You have the option to rollover the taxable portion of your refund directly to another qualified retirement plan or to an Individual Retirement Account (IRA). Such rollovers must be approved in advance by MFPRSI.

Purchase of Service Credit – If you are an active member who previously received a refund of contributions, you may restore the period of service by paying the actuarial cost to restore the credit.

Purchase of Veteran's Credit – If you are an active member who served in the military for five or more years, you may purchase service credit for the service time you were in the military. You may not purchase more than five years of service credit due to military service. If you choose to purchase military service credit, you must pay the actuarial cost of the service credit.

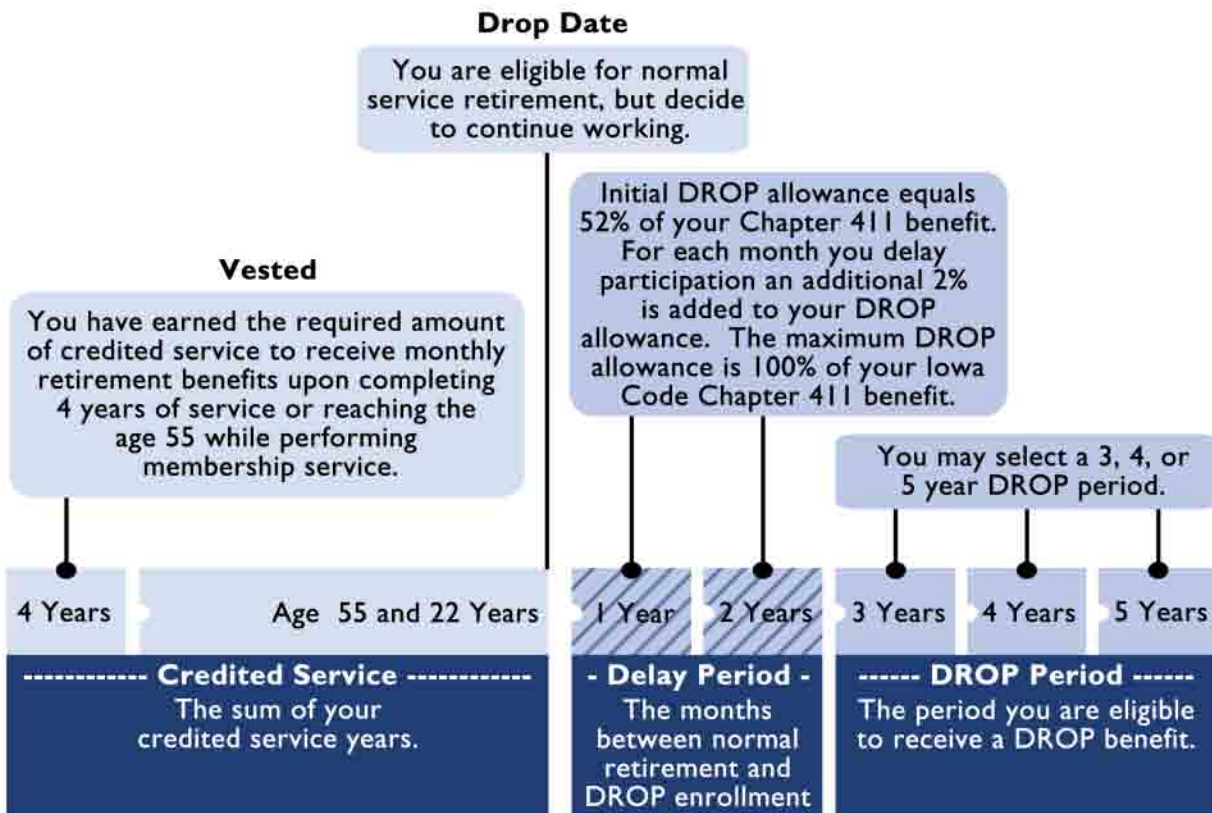
Deferred Retirement Option Plan (DROP)

DROP is a distribution option available to the active members of the retirement system. The program contains the following provisions:

Eligibility - If you are an active member, at least 55 years of age, and have 22 or more years of service you are eligible to participate in DROP.

Participation Period - DROP offers participation periods of 3, 4, or 5 years.

DROP Illustration



Effective Date of Enrollment - DROP enrollment becomes official on the first day of the month following the month in which you applied for the program.

Benefit Determination - The DROP monthly retirement benefit will be determined based on the period of service and average final compensation through the quarter of membership service immediately preceding the enrollment date elected. Referred to as the “Chapter 411 Benefit”, the benefit will not change once DROP participation becomes official except for annual escalation after retirement.

DROP Account - Once enrolled in DROP you will have an official account established which will have a portion of the Chapter 411 Benefit credited to it for the duration of the selected participation period. The portion of the Chapter 411 Benefit credited to your account will 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 you elect to participate in DROP and the date you were initially eligible to participate multiplied against the Chapter 411 Benefit.

For each month you delay participation an additional 2% will be added as an adjustment percentage. For example, if you wait 24 months to enroll in DROP, your overall DROP formula will be the following:

1. 52%; plus,
2. $2\% \times 24 \text{ months} = 48\%$
 - The sum of 52% and 48% is 100%.

DROP Accrual - An amount equal to seventy-five percent of your DROP benefit will accumulate to your DROP account for each month of participation in the plan. An amount equal to twenty-five percent of your accumulated DROP benefit shall accrue to your DROP account should any of the following events occur:

1. You terminate your DROP participation on the selected plan termination date;
2. You terminate your DROP participation prior to the selected plan termination date as the result of entitlement to a disability benefit; or,
3. You die prior to your selected plan termination date.

Member Contributions - Your contributions will be credited to the retirement system's assets during your DROP participation period.

City Contributions - Contributions made by your employing city will be credited to the retirement system's assets during your DROP participation period.

Investment Return - Earnings, capital gains, and loss on investments will be credited to the retirement system's assets and not to your DROP account.

Benefit Escalation - Escalation provisions will apply from your actual date of retirement at the end of the DROP participation period. Your benefit will not be escalated during your DROP participation period.

Benefit Distributions - On your actual date of retirement your DROP account will be payable, upon your application, in the form of either a lump sum distribution or a rollover to an eligible plan. Your regular monthly pension benefit payments will also begin on your actual date of retirement.

Withdrawal from DROP Account, Death, or Disability - If you withdraw from DROP prematurely or continue to work beyond your selected date of DROP termination, there will be a 25% reduction to your DROP account. The reduction will be transferred to the retirement system's assets. If you die or prematurely withdraw due to disability, either you or your beneficiary will receive the entire amount from your DROP account with no reduction.

Cost Determinations - The retirement system's actuary estimates that DROP will not bear additional contribution costs to the pension 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 DROP, the contribution costs will be assigned to the active membership of the plan for payment.

Application Processing

If you have your eyes set on a retirement date within the next six months, we encourage you to contact us at 515-254-9200 or pensions@mfprsi.org. We can help you work through your retirement options and we strongly encourage those thinking about retirement to contact us prior to the month you plan to retire.

Service/Vested Retirement

You may obtain an application for retirement directly from us at MFPRSI. Upon receipt of the application, we will typically need a minimum of thirty days to obtain and process the information from the city from which you have retired. Your application must include a copy of your birth certificate. We reserve the right to require original or certified copies of your birth certificate. If you are choosing an optional form of benefit (i.e., the 6 optional forms of service benefit listed on page 11), we require a marriage certificate and/or your designated beneficiary's birth certificate with your application.

Death Benefits

When you die, your spouse and/or guardian of your dependent child(ren) should contact us directly to obtain information and applications concerning eligibility for spousal and dependent benefits. Your beneficiary must include a copy of his or her birth certificate, marriage certificate (if applicable), and your death certificate with the application. MFPRSI reserves the right to require original or certified copies of all documents involved.

Refunds

If you have ended your employment and desire to withdraw your contributions to the retirement system, you may submit a refund application. Refund applications are available by contacting us at 515-254-9200.

Payment Distribution

New retirees residing in the U.S. and receiving a monthly benefit must accept the payment via direct deposit and the transfer must be made to a checking account. Each month we will mail you a paper copy of your benefit statement. If you live outside of the U.S. and your financial institution does not accept direct deposit, you may receive your monthly payment via paper check.

PPA of 2006

The Federal Pension Protection Act of 2006 (PPA) established a \$3,000 income tax exclusion for eligible service retired public safety officers who elect to use a portion of their distributions from an eligible retirement plan to directly pay for qualified health insurance premiums. The Board adopted this concept and it has been implemented. In order to be eligible you must have retired on service retirement benefit or disability retirement benefit. Beneficiaries and dependents are not eligible.

Disability Processing

Either you or the chief of your department may apply for your disability retirement benefits. The chief may apply in cases where, in his or her judgment, you are no longer able to perform the necessary functions of a police officer or firefighter.

In order to be eligible for a disability benefit you must be a *member in good standing*. If you are restored to active service for purposes of applying for a pension, you are not considered a member in good standing. This requirement may be waived for good cause as determined by the Board. It is your responsibility to establish good cause should you pursue it.

- 1. INITIATION OF APPLICATION:** The process originates with either you, or the chief of your department, requesting a disability application. We then forward the application and the form, *Questions and Answers Concerning Ordinary and Accidental Disability*, to either you or your chief, depending upon who requested the application.
- 2. ADMINISTRATIVE PROCESSING:** You or your chief complete the forms and forward them to us for review. If the forms are not complete, they will be returned for completion. When all forms are complete we send a letter to you, your chief, and your city's administration indicating that an application has been received. We require that the applicant's forms include copies of medical records from all relevant physicians. If medical records are not included, we will contact the listed physicians for copies and request any films be sent to the Medical Board. Once we have obtained all the necessary materials we forward copies of the medical information and disability application 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, we schedule an appointment for the applicant to be seen by the Medical Board in Iowa City, IA. We notify you in writing and by phone concerning the appointment and provide instructions about where the examination is located, who is responsible for payment, 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, medically examines you and performs relevant tests pertaining to your disability. The Medical Board submits a letter of recommendation to us based on their findings as to whether or not you are found to be permanently disabled (i.e., permanently disabled is defined as a condition that will continue for at least one year).
- 5. ADMINISTRATIVE COMMENT:** Once we receive the Medical Board's opinion, the Medical Board's letters and supporting notes are distributed to you and to your city's administration for review. You and the city administration may forward written statements to us pertaining to the medical aspect of the letters within ten days of transmittal. If relevant

information is contained within the written statements you or your city's administration provide, the retirement system's Executive Director or Designee may, prior to making a determination, solicit the Medical Board review and provide comment concerning the information.

- 6. ADMINISTRATIVE DETERMINATION:** The Medical Board's letters, supporting medical tests, and the information we maintain on your retirement, are reviewed by the Executive Director or Designee. In turn, the Executive Director or Designee will make a determination on your disability. Upon determination a letter is sent to you, your department chief, and to your city's administration stating the determination. Copies of the letters submitted by the Medical Board (see Note below) are included in these letters. Also included with the determination letter is the form, *Questions and Answers Regarding Regulatory Requirements: Taxation, Earnings Test, and Re-examination for Return to Work*.

Note: 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, you will continue to receive payments pending the outcome of the appeal. If, after the appeal process is concluded and the award of disability is overturned, you may be required to repay the amount already received or, upon later retirement, may have payments suspended until we have recovered the amount paid.

- 7. APPEAL RIGHTS:** You and/or your city's administration may appeal the disability decision in writing within 30 days of the date of the initial letter of determination. We will provide notice of the appeal hearing at least thirty days prior to the scheduled date of the hearing
- 8. APPEAL COMMITTEE:** The Appeal Committee is comprised of three members of the Board. The exhibits we have collected during the application process are provided to you and to each party involved prior to the date of the hearing. Hearings are conducted in accordance with MFPRSI's administrative rules. Both you and your city's administration 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, the recommended decision, and brings a recommendation to the full Board at its next meeting for discussion and decision. The Board's decision, on behalf of the retirement system, is distributed to all parties.
- 10. JUDICIAL REVIEW:** If you or any party to the appeal disagrees with the decision of the Board, a certiorari action may be filed in district court. The district court's review is limited to questions of law.

Participating Cities

The membership of MFPRSI includes firefighters and police officers from the largest cities within the State of Iowa. The forty-nine cities, whose fire and/or police personnel are covered by Chapter 411 of the Iowa Code, are as follows (*italics denotes police department only*):

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

Estimate of Retirement Benefits and Sample Benefit Calculations

The next several pages provide a benefit estimate calculation worksheet and show a sample calculation for each benefit type 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 us 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

Estimate of Retirement Benefit

For Service Retirement Benefits

1. If you plan to retire **now**, add your **current** highest 3-years of annual compensation and divide the sum by 3. If you plan to retire **in the future**, add **what you think will be your highest 3-years of annual compensation** and divide by 3.

$$\frac{\$ \text{ High 1}}{\text{High 1}} + \frac{\$ \text{ High 2}}{\text{High 2}} + \frac{\$ \text{ High 3}}{\text{High 3}} = \frac{\$ \text{ High 3-Year}}{\text{High 3-Year}}$$

2. If plan to retire **now**, select the percentage multiplier that agrees with **your years of service**. If you plan to retire **in the future**, select the multiplier that agrees with **the number of years you expect to have accumulated at retirement**.

$$= \frac{\%}{\text{Percentage Multiplier}}$$

3. Multiply the dollar amount in Step 1. with the percentage in Step 2.

$$\frac{\$ \text{ Step 1}}{\text{Step 1}} \times \frac{\% \text{ Step 2}}{\text{Step 2}} = \frac{\$ \text{ 3-Year Benefit Estimate}}{\text{3-Year Benefit Estimate}}$$

4. Divide the benefit estimate in Step 3. by 36 to produce your monthly retirement benefit.

$$\frac{\$ \text{ Step 3}}{\text{Step 3}} \div 36 = \frac{\text{Monthly Benefit Estimate}}{\text{Monthly Benefit Estimate}}$$

Service Multiplier Chart

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

If years of service are fewer than 22, multiply number of completed years by 3%.

Examples of Benefit Calculations

Assumptions used in the example:

- Member's Age: 55
- Beneficiary's Age: 54
- Designated Lump Sum: \$956,000
- Years of Service: 28

Service Multiplier Chart

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

If years of service are fewer than 22, multiply number of completed years by 3%.

Service Retirement Benefit Calculation

Service Retirement Benefit Example

Average Final Compensation	Service Multiplier*	Monthly Pension Benefit**
High 1: \$ 53,728		
High 2: \$ 55,340		
High 3: \$ 57,000		
Total \$ 166,068	x 78%	= \$ 129,533 ÷ 36 = \$ 3,598

* Service Multiplier is 78% for 28 years of service, as indicated on the Service Multiplier Chart.

** Since the total of the 3 years of highest annual compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average monthly compensation.

Service Retirement Optional Forms of Payment

The following monthly benefit types were created using the assumptions and service retirement benefit formula above:

Optional Forms of Payment

Service / Vested Retirement Only

Benefit Type	Monthly Benefit	Benefit Type	Monthly Benefit
Basic Benefit	\$3,598	Joint & 100% Survivor	\$3,303
Joint & 75% Survivor	\$3,444	Joint & 100% Survivor w/ Pop-up	\$3,257
Joint & 75% Survivor w/ Pop-up	\$3,406	Single Life Annuity w/ Lump Sum	\$1,976
		Straight Life Annuity	\$3,950

Accidental Disability Retirement (work related)

Assumptions used in the example:

- Member's Age: 35
- Beneficiary's Age: 33
- Years of Service: 12

Accidental Disability Retirement Benefit Example

	Average Final Compensation		Accidental Disability Multiplier			Monthly Pension Benefit*
High 1:	\$ 53,728					
High 2:	\$ 55,340					
High 3:	<u>\$ 57,000</u>					
Total	<u>\$ 166,068</u>	x	<u>60%</u>	=	<u>\$ 99,641</u>	÷ 36 = <u>\$ 2,741</u>

*Since the total of the 3 years of highest annual compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average monthly compensation.

Ordinary Disability Retirement (non-work related)

Assumptions used in the example:

- Member's Age: 35
- Beneficiary's Age: 33
- Years of Service: 12

Accidental Disability Retirement Benefit Example

	Average Final Compensation		Ordinary Disability Multiplier			Monthly Pension Benefit*
High 1:	\$ 53,728					
High 2:	\$ 55,340					
High 3:	<u>\$ 57,000</u>					
Total	<u>\$ 166,068</u>	x	<u>50%</u>	=	<u>\$ 83,034</u>	÷ 36 = <u>\$ 2,307</u>

*Since the total of the 3 years of highest annual compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average monthly compensation.

Accidental Death Benefit (work related)

Assumptions used in the example:

- Member's Age: 35
- Beneficiary's Age: 34
- Years of Service: 12
- Average monthly earnable compensation of the active membership: \$4,500

Accidental Disability Retirement Benefit Example

Beneficiary - Spouse

	Average Final Compensation	Accidental Death Multiplier	Monthly Pension Benefit*
High 1:	\$ 53,728		
High 2:	\$ 55,340		
High 3:	<u>\$ 57,000</u>		
Total	<u>\$ 166,068</u>	x <u>50%</u>	= <u>\$ 83,034</u>
			÷ 36 = <u>\$ 2,307</u>

Beneficiary - Child

Average Monthly Earnable Compensation of the Active Membership**	Accidental Death Multiplier	Monthly Pension Benefit
<u>\$ 4,500</u>	x <u>6%</u>	= <u>\$ 270</u>

*Since the total of the 3 years of highest annual compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average monthly compensation.

**The average earnable compensation of the membership is determined by the retirement system's actuary. The amount used in this example is for illustrative purposes only.

Ordinary Death Benefit (non-work related)

Assumptions used in the example:

- Member's Age: 35
- Beneficiary's Age: 34
- Years of Service: 12
- Average monthly earnable compensation of the active membership: \$4,500

Ordinary Disability Retirement Benefit Example

Beneficiary - Spouse

	Average Final Compensation	Accidental Death Multiplier	Monthly Pension Benefit*
High 1:	\$ 53,728		
High 2:	\$ 55,340		
High 3:	\$ 57,000		
Total	<u>\$ 166,068</u>	x <u>40%</u>	= <u>\$ 66,427</u> ÷ 36 = <u>\$ 1,845</u>

Beneficiary - Child

Average Monthly Earnable Compensation of the Active Membership**	Accidental Death Multiplier	Monthly Pension Benefit
<u>\$ 4,500</u>	x <u>6%</u>	= <u>\$ 270</u>

*Since the total of the 3 years of highest annual compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average monthly compensation.

**The average earnable compensation of the membership is determined by the retirement system's actuary. The amount used in this example is for illustrative purposes only.

Death Benefit After Retirement

Assumptions used in the example:

- Member's Age: 35
- Beneficiary's Age: 34
- Years of Service: 12
- Average monthly earnable compensation of the active membership: \$4,500

Death After Retirement Benefit Example

Beneficiary - Spouse

Monthly Member Benefit		Death Benefit After Retirement Multiplier		Monthly Pension Benefit
\$ 3,598	x	50%	=	\$ 1,799

Beneficiary - Child

Average Monthly Earnable Compensation of the Active Membership*		Death Benefit After Retirement Multiplier		Monthly Pension Benefit
\$ 4,500	x	6%	=	\$ 270

*The average earnable compensation of the membership is determined by the retirement system's actuary. The amount used in this example is for illustrative purposes only.

Surviving Spouse Minimum

Assumptions used in the example:

- Member's Age: 68
- Beneficiary's Age: 69
- Designated Lump Sum: \$956,000
- Years of Service: 28
- Average monthly earnable compensation of the active membership: \$4,500

Death After Retirement Benefit Example

Average Monthly Earnable Compensation of the Active Membership*		Death Benefit After Retirement Multiplier		Monthly Pension Benefit
\$ 4,500	x	20%	=	\$ 900

*The average earnable compensation of the membership is determined by the retirement system's actuary. The amount used in this example is for illustrative purposes only.

Additional Information

Annual Statements

We distribute annual statements to each active member describing your period(s) of service and the contributions you have made. The annual statement also identifies your mailing address and the last four digits of your social security number. It is important you carefully review the statement and report any differences to us. The statements are typically mailed to your last known address in the spring of each year.

Benefit Counseling

We provide guidance to our active and vested membership concerning individual rights under the plan. You may schedule a counseling session by phone, mail, e-mail, or may visit our offices for an in-person consultation. Please contact us in advance if you wish to visit our office so we can prepare for your visit.

Benefit Estimates

Upon your request we can develop and transmit a retirement benefit estimate if you plan to retire in the near future. *Please be aware* that benefit estimates do not constitute a formal commitment and are not legally binding by the retirement system to pay a benefit at the estimated level.

IRS Levy

In accordance with federal regulations MFPRSI must recognize and conform with the requirements of an Internal Revenue Service levy. Therefore, if the IRS places a levy and claims all or a portion of your monthly benefit, we must comply.

Marital Property Orders (MPO) and Child Support Orders

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

Municipal Fire and Police Retirement System of Iowa

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