Gratitude to Our Members

We understand that this is a difficult and stressful time for everyone, including our members. COVID-19 has added an additional danger to what already can be dangerous professions. In addition to keeping citizens safe, our members now have to keep themselves safe while remaining on the front lines. Policing and fire fighting are essential work and our members have shown tremendous courage in showing up to work each day during this pandemic. We have seen extraordinary fearlessness from our members during this time and we, at MFPRSI, would like to thank our members for their continued efforts to keep everyone safe. While the world slowed down, our members continued to do their jobs. That level of commitment and bravery is inspiring and we are thankful for your service.

In addition to our gratitude, we want to reassure our members that their benefits are guaranteed to provide for the duration of their retirement. MFPRSI is backed by Iowa statute and investment funding and while the investment markets have been volatile since the COVID-19 outbreak in March, our investment portfolio is designed with a long-term outlook.

This means that our investment portfolio is broadly diversified and is designed to weather short-term disruptions, even those as rattling as the pandemic has been. The disciplined approach of our Board of Trustees has produced an investment portfolio that will withstand and provide for many years to come. Also, as the pandemic has become part of everyday life, many key economic variables, such as oil prices, economic policy, and consumer spending, have become better understood and have helped level-out investment markets from a macro level.

MFPRSI will continue to make benefit payments on time for both current and future retirees. Our office remains open and while we are not taking in-person consultations, we remain available via email (pensions@mfprsi.org), telephone (515-254-9200), and video conference. If you need to speak with us, please reach out. We are here to assist you. While our members are protecting their citizens, MFPRSI will be here for our members when the time comes.
Members and beneficiaries who are retired with either a service or disability benefit from MFPRSI are eligible for an annual readjustment of their pensions, or as we call it, an “escalation” of benefits. Escalation is applied each year to the July payroll.

The rate used to determine the annual escalation is established by Iowa Code Chapter 411.6.12. The calculation uses the following formula:

\[
\text{New Monthly Benefit} = \text{Previous Monthly Gross Benefit} \times 1.05 + \text{Incremental Amounts Based on Years Retired}
\]

The previous monthly gross benefit of the member or beneficiary multiplied by 1.5% plus an additional amount based on these incremental steps:

- $15 – retired fewer than 5 years
- $20 – retired at least 5 years, but fewer than 10 years
- $25 – retired at least 10 years, but fewer than 15 years
- $30 – retired at least 15 years, but fewer than 20 years
- $35 – retired at least 20 years

The number of years retired is determined as of July 1 each year. In order to determine the calculation for beneficiaries, the retirement date of the member is transferred to the beneficiary. It is also important to note that the escalation is applied to the gross monthly benefit and not the net monthly benefit. Therefore, taxes and other deductions do not affect the amount of escalation applied to each member and beneficiary.

Office Hours
Monday - Friday: 7:30 a.m. to 4:00 p.m.
Telephone: (515) 254 - 9200
Email: pensions@mfprsi.org
Address: 7155 Lake Dr., Suite 201, West Des Moines, IA 50266

MFPRSI Update is published for members of the Municipal Fire & Police Retirement System of Iowa. The newsletter was designed by Cody Jans. The newsletter was edited by staff.
$180 million total benefits paid by MFPRSI, including

$158 million paid in Iowa.

Total Payees 2019 4,507

Total Payees in Iowa 2019 3,832

$78 million Total state-wide employer contributions 2019

Data derived from membership, payment and demographic data as of December 31, 2019.

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Legislation

In legislative news, House File 2046 was proposed during the most recent session of the Iowa General Assembly. The measure included the reinstatement of appropriations from the State of Iowa to MFPRSI at a rate equal to 3.79 percent of earnable compensation. This was the level of appropriation the State of Iowa committed in 1976. Since 2013, the State of Iowa has contributed zero percent annually to MFPRSI.

HF 2046 was introduced in January 2020 and referred to the Appropriations Committee in the same month. No further action was taken on the bill.

Office Hours

MFPRSI hours remain unchanged.

Due to the coronavirus pandemic, MFPRSI modified staff schedules in order to ensure the health and safety of both staff and members.

Overall, our office hours remain unchanged, Monday through Friday from 7:30 a.m. to 4:00 p.m. We are closed to counseling sessions in our office and will remain so until further notice. If you need to speak with us, please call 515.254.9200 or email us at pensions@mfprsi.org. While we continue to accept and process documents received by mail, we encourage all members submitting documents to us to do so by fax (515.254.9300) or email.

To stay informed, please regularly visit our website, www.mfprsi.org, for additional updates.

Outreach Canceled

The 2020 Outreach schedule has been canceled in order to maintain the health and safety of our members and staff during the pandemic. If you are nearing retirement and want individual counseling, please contact us at 515.254.9200 to schedule an appointment via video or telephonic conference.
For members approaching retirement there are two provisions within the Social Security law that may impact your benefits, including “dependent” benefits based on the earnings of a spouse – the Government Pension Offset and the Windfall Elimination Provision.

Government Pension Offset (GPO)
When the government developed Social Security benefits, it established “dependent” benefits to compensate individuals who stayed home to raise their family and were financially dependent on their working spouse. As family dynamics shifted, it is now more common that both spouses work and earn Social Security retirement benefits. When one spouse in a dual-working spouse family dies, the surviving spouse is not entitled to full “dependent” benefits. The government offsets the “dependent” benefits based on the recipient’s own retirement benefits.

The GPO applies to individuals with a government pension based on earnings that were not subject to Social Security taxes who are also potentially eligible for “dependent” Social Security benefits as a spouse or surviving spouse. Just as the “dependent” benefits are subject to an offset when both spouses receive Social Security retirement benefits, the “dependent” benefits are also offset when a spouse not previously subject to Social Security taxes receives a government pension. This rule ensures that individuals who did not pay into Social Security but get a government pension do not unfairly benefit by receiving full “dependent” benefits while individuals in the private sector have those “dependent” benefits reduced.

If you work for a Chapter 411 city that is not covered by Social Security, this provision reduces the amount of “dependent” Social Security benefits you may be entitled to by two-thirds of your government pension. If two-thirds of your government pension is more than your “dependent” Social Security benefits, it is possible your Social Security benefits could be reduced to zero.

Windfall Elimination Provision (WEP)
You may work for a Chapter 411 city that is not covered by Social Security and have separate work history as a self-employed individual or for an employer who is covered by Social Security. Under the WEP, any retirement benefits you are entitled to based on your employment with an employer covered by Social Security will be reduced. This applies if you turned 62 or became disabled after 1985, or you became eligible for a monthly pension based on work where you did not pay Social Security taxes after 1985.

This provision was enacted in light of the calculation method for Social Security benefits. Under the Social Security benefit formula, individuals who have low-wage earnings often receive a higher Social Security benefit as a percentage of their earnings relative to high-wage earners. Individuals who receive a government pension and have a small amount of Social Security wages may, by the nature of the formula, receive a high Social Security benefit. The WEP eliminates this windfall for individuals who have low Social Security wages because some of their wages are not subject to Social Security taxes, not because they have a work history of lower wages.

This provision does not apply if you had 30 or more years of substantial earnings from employers who paid Social Security taxes. The calculation is proportional – the more years that you had ‘substantial earnings,’ as defined by Social Security, the smaller the offset from the retirement benefits. Social Security uses a formula to calculate the offset, which could reduce your Social Security retirement benefits by up to 50%.

The application of the GPO and WEP can vary from person-to-person based on individualized situations. If you have a question about your specific situation, we recommend that you reach out to your local Social Security Administration office or visit www.ssa.gov.
## REMAINING 2020 SCHEDULE

### BENEFIT PAYMENT DATES
- July 31
- August 31
- September 30
- October 30
- November 30
- December 31

### HOLIDAY SCHEDULE
- September 7
- November 11
- November 26-27
- December 24-25

### BOARD OF TRUSTEES MEETING DATES
- August 20
- October 1
- November 19

Benefit payments are tentatively dated the final business day of each month. MFPRSI intends to send benefit payments on the referenced dates listed above. Each benefit payment constitutes payment for the month concluded. MFPRSI will be closed on each of the dates listed under Holiday Schedule. The Board of Trustees meets in formal open session at regularly scheduled meetings throughout the year. All meetings begin at 10:00 a.m. Central Time.