

# MFPRSI UPDATE

vol.  
52

## BOARD REAPPOINTMENTS

Board of Trustees members Marty Pottebaum and Bob Fagen were each reappointed to a four-year term effective April 30, 2019. Additionally, Mary Bilden was re-elected as Vice-Chair and Pottebaum was re-elected as Chair. Bilden has been Vice-Chair since 1998 and Pottebaum has been Chair since 2015.



**Marty Pottebaum**  
Trustee  
Chair

Pottebaum, a retired police officer from Sioux City, was reappointed by the Iowa State Police Association. He first stepped into the role of trustee with MFPRSI in 1995.

Fagen was reappointed by the Iowa League of Cities. He is



**Mary Bilden**  
Trustee  
Vice Chair



**Bob Fagen**  
Trustee

**CONTINUED ON PAGE 4**

## PROPERTY TAX BILL **SIGNED** INTO LAW

**Senate File 634 Adjusts Municipal Property Tax Limits.**

The Iowa General Assembly approved a proposal that will require local governments to take additional steps before increasing property tax revenues. The biggest procedural addition included in Senate File 634 requires a 2/3 vote of local governing bodies for any increase of property tax revenues greater than 2 percent. Previously, a simple majority was enough to pass a tax revenue increase.

Additionally, if city councils or county boards wish to raise property tax rates or reevaluate property value

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# BOARD OF TRUSTEES

## VOTING MEMBERS

**Marty Pottebaum**  
Board Chair  
Retired Police Officer - Sioux City

**Mary Bilden**  
Citizen Member - Boone

**P. Kay Cmelik**  
City Clerk/Finance Officer - Grinnell

**Bob Fagen**  
Director of Finance - Des Moines

**June Anne Gaeta**  
Firefighter - Muscatine

**Frank Guihan**  
Retired Firefighter - Burlington

**Eric Hartman**  
Police Officer - Des Moines

**Duane Pitcher**  
Director of Finance - Ames

**Michelle Weidner**  
Chief Financial Officer - Waterloo

## NON-VOTING MEMBERS

**Sen. Waylon Brown**

**Sen. Jackie Smith**

**Rep. Mary Ann Hanusa**

**Rep. Scott Ourth**

The activities of MFPRSI are under the direction of a Board of Trustees consisting of nine voting members and four non-voting legislative representatives. The voting membership is comprised of four representatives of the active and retired fire and police membership, four representatives of the cities, and one private citizen. Individuals are appointed by the police and fire associations and by the Iowa League of Cities. The eight voting members select a private citizen to serve as the ninth voting member.

## ECONOMIC IMPACT OF DEFINED BENEFIT PENSION SPENDING

A recent study revealed that in 2016 \$2.2 billion in pension benefits were paid to over 125,000 Iowa residents and, in turn, retirees put these benefit dollars back into Iowa supporting \$3.3 billion in total economic output in the state. The study, "Pensionomics 2018" published by the National Institute on Retirement Security (NIRS), stated that the money spent by retirees of state and local governments in Iowa provided a steady monetary stimulus to local communities and the state economy.

Retiree spending had an impact on jobs and incomes, as well. Over 21,500 jobs in the state of Iowa were supported by retiree expenditures originating from Iowa defined benefit pension plans. These 21,500 jobs represented 1.0% in Iowa's total labor force. The total income to Iowa residents supported by pension spending was \$915.5 million.

MFPRSI is a defined benefit plan whose retirees were included in this study. This study helps illustrate that MFPRSI's retirees furnished a share of a vital contribution to Iowa's economy. It is also important to understand the economic benefits all Iowans experience due to defined benefit plans, which the NIRS study provides.

### NIRS STUDY: ECONOMIC MULTIPLIER



**\$1.00** contributed by taxpayers to Iowa pensions over 30 years

**\$7.07** total economic output

Over the past 30 years each \$1 in taxpayer contributions to Iowa's state and local pension plans supported \$7.07 in total economic output in the state, according to the NIRS study. This reflects the fact that the major sources of funding derive from investment earnings and employee contributions. Specifically concerning MFPRSI, 76% of its funding has been comprised of investment earnings and employee contributions since its inception in 1992.

Visit [www.nirsonline.org](http://www.nirsonline.org) for more information and to view the "Pensionomics 2018" study.



## OFFICE HOURS

Monday-Friday  
7:30 a.m. to 4:00 p.m.

T: 515.254.9200

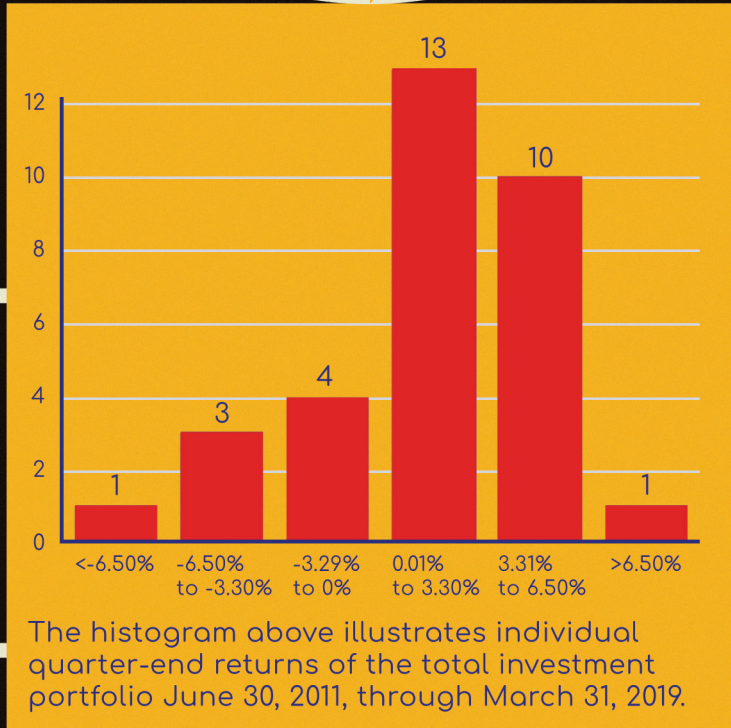
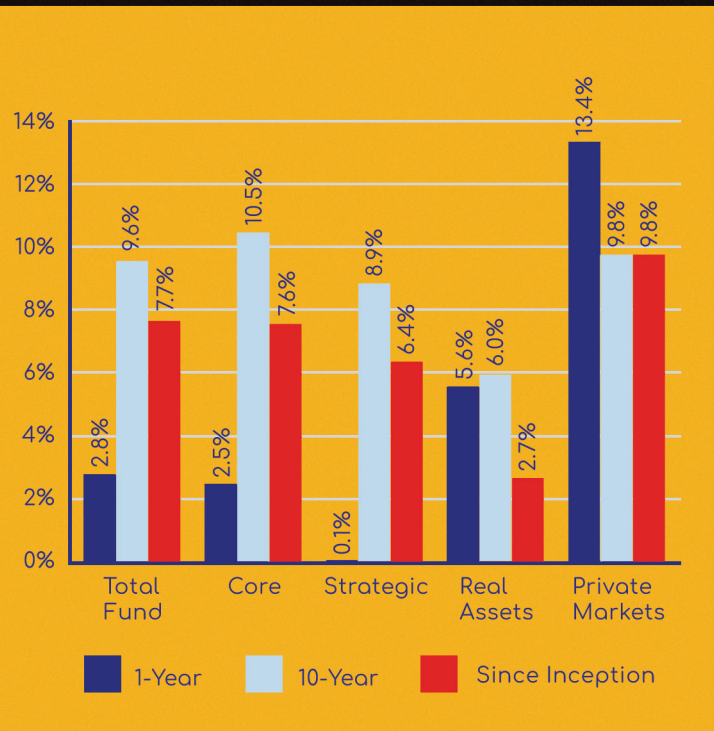
E: [pensions@mfprsi.org](mailto:pensions@mfprsi.org)

A: 7155 Lake Dr, Suite 201  
West Des Moines, IA 50266

# I N V E S T M E N T S

## INVESTMENT ANNUALIZED PERFORMANCE

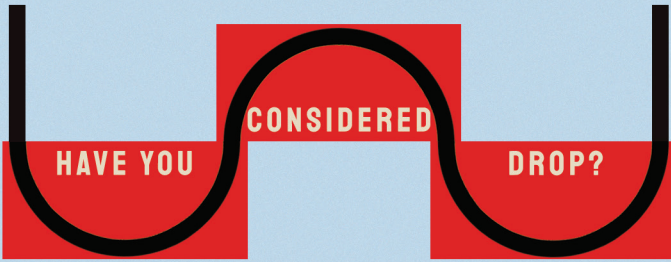
AS OF MARCH 31, 2019  
NET OF FEES



## RETURN DISTRIBUTION

TOTAL FUND  
QUARTERLY RETURNS  
NET OF FEES 2011-2019

Investment performance data collected and reported by Summit Strategies, June 30, 2011 - September 30, 2018, and Marquette Associates, December 31, 2018 - March 31, 2019. Core investments are comprised of a diversified mix of global public equity and debt portfolios. Strategic investments are comprised of multi-asset investment managers that invest in global securities, including but not limited to: public debt and equity, real assets, private market investments, currencies, derivatives, and cash. The fund's private markets allocation is invested in private venture, buyout, opportunistic, secondary market, debt-related, and direct investment. Real assets are primarily made up of real estate and may also include, but is not limited to other real assets, such as infrastructure, commodities, or energy related investments.



If you are nearing retirement age, you may be mulling over your retirement benefit options. Deferred Retirement Option Plan, or DROP, is one option available to those who wish to continue working past age 55.

You may be asking, "What exactly is DROP?" Well, DROP is a benefit distribution that you may elect that gives you the ability to defer or save additional money for retirement. The amount you defer is determined by both a percentage and by the number of years that you delay retirement.

If you choose to participate, you must comply with the following requirements:

1. Are at least 55 years old with at least 22 years of service;
2. Remain a full-time employee; and,
3. Complete the length of term you select (3, 4, or 5 years). If you leave DROP before finishing your term, you will be subject to a penalty.

When you complete your DROP term you earn a lump-sum payout in addition to the annuity payment provided by your retirement. Participating in DROP is a great way to create an additional nest egg for expenses, such as health care, after retirement.

If you are interested in more information concerning DROP, please contact us at [pensions@mfprsi.org](mailto:pensions@mfprsi.org).

## BOARD REAPPOINTMENTS

### CONTINUED FROM COVER

the Director of Finance for the City of Des Moines. He joined the Board of Trustees in 2018.

With these reappointments, the average tenure for the nine voting trustees stands at twelve years as of April 30, 2019.

Note: The Board of Trustees is comprised of four members appointed by their representative fire and police associations and four members chosen by the Iowa League of Cities. The eight members select the ninth trustee as a citizen representative of the general population of Iowa.

## PROPERTY TAX BILL

### CONTINUED FROM COVER

assessments, they are required to hold public hearings for residents and local officials to discuss in open forum.

Ultimately, the new law will affect how cities participating in MFPRSI budget their pension expense, but the bill does not affect the benefit structure for members of the Iowa Code Chapter 411 retirement system. Active members will continue to maintain their current level of costs while retirees will continue to maintain their current level of benefits. Participating cities are still bound by law to pay the employer portion into the retirement system.

# ESCALATION EXPLAINED

Members and beneficiaries who are retired on a service or disability retirement with MFPRSI are eligible for an annual readjustment of their pensions, or as we call it, an “escalation” of benefits. The escalation process begins each year after the June payroll has been issued so it can be applied 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:

- 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.

#### Example:

David retired on a full service retirement on July 1, 2011. He receives a gross monthly benefit of \$2,500. This is his benefit before taxes and deductions are withdrawn. His escalation would be calculated this July by multiplying \$2,500 by 1.5% and adding \$20 since he has been retired more than five years, but fewer than ten years. Adding those two numbers to his previous gross benefit of \$2,500 would generate an amount of \$2,557.50. MFPRSI rounds benefit payments to the nearest whole dollar so David’s escalated benefit would be \$2,558.

# REMAINING IMPORTANT 2019 DATES

## BENEFIT PAYMENT DATES

Benefit payments are tentatively dated the final business day of each month. MFPRSI intends to send benefit payments on the referenced dates listed below. Each benefit payment constitutes payment for the month concluded.

June 28	October 31
July 31	November 29
August 30	December 31
September 30	

## HOLIDAY SCHEDULE

MFPRSI will be closed on the days listed below:

July 4	November 11	June 27
September 2	November 28-29	August 15
	December 24-25	October 3
		November 14

## BOARD OF TRUSTEES MEETING DATES

The Board of Trustees meets in formal open session at regularly scheduled meetings throughout the year. All meetings begin at 10:00 a.m. Meetings scheduled through the end of 2019 are listed below:

June 27  
August 15  
October 3  
November 14

## REDUCE YOUR FOOTPRINT!

If you wish to reduce your environmental footprint, you can opt to stop receiving a printed copy of MFPRSI Update. Members and beneficiaries can email us to let us know you wish to receive your newsletter and other non-confidential communications electronically.

MFPRSI Update is published for members of the Municipal Fire and Police Retirement System of Iowa. The newsletter was written and designed by Cody Jans. The newsletter was edited by staff.

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**MFPRSI**

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