

MFPRSI

MUNICIPAL FIRE & POLICE
RETIREMENT SYSTEM OF IOWA

Benefit Handbook



Benefit Handbook

MFPRSI

This member handbook is a general summary of the benefit provisions administered by Municipal Fire & Police Retirement System of Iowa (MFPRSI). The purpose of this member handbook is to provide you with a basic overview of both your benefits and the overall benefit structure provided by Iowa Code Chapter 411, the governing statute of MFPRSI.

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MFPRSI's Mission and Vision

The system is an independent leader delivering promised retirement and disability benefits to eligible municipal firefighters and police officers through responsible stewardship of assets held in trust.

Independent:

To operate as a self-directed system guided by fiduciary-based decision making.

Leader:

To seek best practices and innovative ideas through research-driven processes, education, and trustworthy advisors and staff.

Promised:

To deliver benefits earned through a 100% targeted funding policy, an investment portfolio that meets liquidity needs and return assumptions with acceptable risk, and quality and timely services.

Responsible:

To ensure a durable structure by applying consistent standards, adapting with time, evaluating risk-reward measures, security, staffing, and results-based decision making.

Mailing Address and Contact Information

MFPRSI

MUNICIPAL FIRE & POLICE RETIREMENT SYSTEM OF IOWA

MFPRSI's pension officers are a valuable source for information and assistance regarding your benefits. They can explain the various options and provide you with a benefit estimate.

Our office hours are 7:30 a.m. to 4:00 p.m. Monday through Friday.

Office Location

7155 Lake Drive, Suite 201
West Des Moines, IA 50266

Telephone

515.254.9200
888.254.9200

Website

www.mfprsi.org

Fax

515.254.9300

Email

pensions@mfprsi.org

Retirement Checklists

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 Checklist

- Contact us three to six months prior to your retirement date to obtain a service retirement application and a benefit estimate. Service retirement applications are also available on our website, www.mfprsi.org.
- Have your employing city complete Part D of the application.
- Have Part F of the application notarized by a notary public.
- Collect the following certificates (we reserve the right to require original or certified copies):
 - Your state-issued birth certificate;
 - Your spouse's state-issued birth certificate;
 - Your marriage certificate;
 - If your spouse was married previously, please collect your spouse's prior marriage certificate and divorce decree. If your spouse's former partner has passed away, please provide a death certificate; and,
 - If applicable, provide a copy of your divorce decree and stipulation, or marital property order.
- Submit your service retirement application and certificates to us no more than 90 days prior to your retirement date.

Active Member Disability Retirement Checklist

- Obtain a disability retirement application from our website, www.mfprsi.org.
- Have your employing city complete Parts II-A 4, II-B, II-C, and II-D of the application.
- Collect the following certificates (we reserve the right to require original or certified copies):
 - Your state-issued birth certificate;
 - Your spouse's state-issued birth certificate;
 - Your marriage certificate;
 - If your spouse was married previously, please collect your spouse's prior marriage certificate and divorce decree. If your spouse's former partner has passed away, please provide a death certificate; and,
 - If applicable, provide a copy of your divorce decree and stipulation, or marital property order.
- If possible, request copies of your medical records, X-rays, and MRI's from the physicians and clinics you've seen for your disabling condition and have records sent directly to MFPRSI. We will request this information if you have not already done so.
- Complete tax withholding forms.
- Complete a direct deposit form.
- Submit your disability retirement application, medical records, forms, and certificates to us.

Termination of Employment prior to Age 55 Checklist

- Contact us to discuss your options and to obtain the appropriate application for either terminated vested retirement 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 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.

Service Retirement Benefit - the “Basic 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.

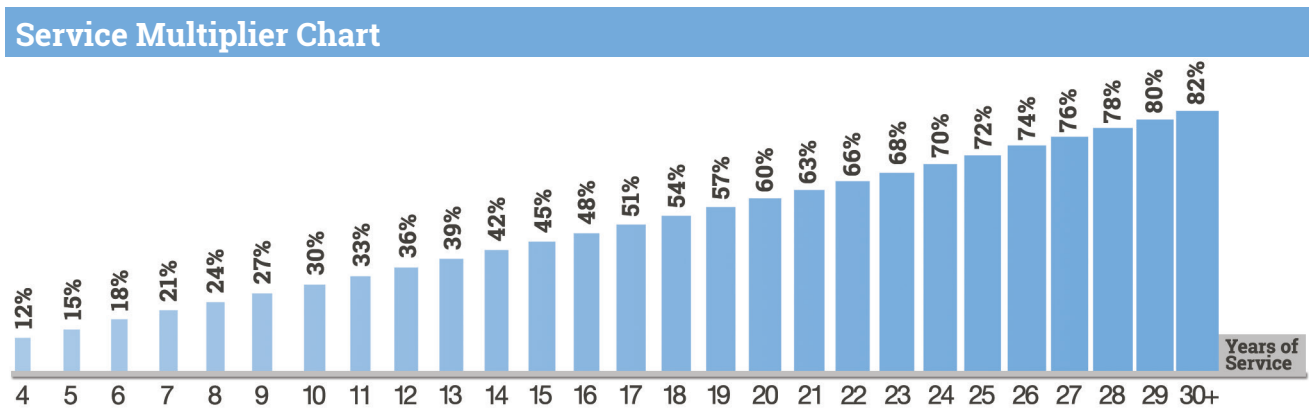
Basic Benefit Description - If you have worked exactly 22 years, the service retirement benefit is equal to 66% of your average final compensation. If you have worked more than 22 years, there is an additional two percent credit for each year worked over 22 years but not exceeding 30 years. Please refer to the Service Multiplier Chart below.

Survivor benefits will be paid according to the benefit payment option you select upon the member’s death after retirement. Please refer to the Additional Forms of Service Retirement Benefit and Death Benefit After Retirement sections for further information.

Service Retirement Benefit Formula

$$\frac{\text{Sum of High 3-Years Annual Earnable Compensation}}{36 \text{ months}^*} = \text{Average Monthly Earnable Compensation} \times \text{Service Multiplier Percentage}^{**} = \text{Monthly Service Retirement Benefit}$$

*The formula uses the member’s highest three years of annual earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average monthly earnable compensation.
**Find your service multiplier percentage on the chart below.



To find your basic benefit multiplier percentage, locate your number of years served on the chart. The corresponding percentage is your multiplier percentage used in the calculation above.

Additional Forms of Service Retirement Benefit

If you are retiring with a service retirement, you have the opportunity to select either the “basic benefit” or one of six optional forms of benefit. Please note that the spousal benefit provided under the basic benefit plan is replaced by the option selected. The six options are calculated using actuarial tables which were developed to consider your age at retirement, your spouse’s age, the age of your designated beneficiary, and the assumed life expectancy of both you and your beneficiary.

1. **Basic Benefit** - Your spouse is entitled to 50% of your gross benefit at the time of your passing, but not less than 20% of the average earnable compensation of the active membership as reported by the actuary. Your spouse is guaranteed a benefit for the remainder of his/her life.
2. **Joint & 75% Survivor Annuity** - Your designated beneficiary receives 75% of the gross amount of your retirement payment at the time of your passing. This annuity continues for the remainder of his/her life. If your beneficiary predeceases you, then your benefit ends upon your passing.
3. **Joint & 75% Survivor Annuity with Pop-Up** - Your designated beneficiary receives 75% of the gross amount of your retirement payment at the time of your passing. This annuity continues for the remainder of his/her life. If your beneficiary predeceases you, then your retirement benefit will increase to the amount of the basic benefit service retirement and no survivor benefit is payable following your passing.
4. **Joint & 100% Survivor Annuity** - Your designated beneficiary receives 100% of the gross amount of your retirement payment at the time of your passing. This annuity continues for the remainder of his/her life. If your beneficiary predeceases you, then your benefit ends upon your passing.
5. **Joint & 100% Survivor Annuity with Pop-Up** - Your designated beneficiary receives 100% of the gross amount of your retirement payment at the time of your passing. This annuity continues for the remainder of his/her life. If your beneficiary predeceases you, then your retirement benefit will increase to the amount of the basic benefit service retirement and no survivor benefit is payable following your passing.
6. **Single-Life Annuity with Designated Lump Sum** - Your designated beneficiary will receive a one-time, lump-sum payment upon your passing. If your beneficiary predeceases you, then the lump sum is paid to your estate upon your passing.
7. **Straight-Life Annuity** - No further benefits are payable following your passing.

Earnable Compensation and Average Final Earnable Compensation

Earnable compensation is the annual salary you earn for services rendered as a police officer or firefighter with a participating city employer. However, earnable compensation excludes overtime compensation, meal and travel expenses, uniform allowances, severance pay, mandatory deferred compensation, and any lump-sum payments at termination for accumulated sick and vacation leave.

Your average final compensation is the average of your earnable compensation using your highest three years of compensation.

Annual Escalator

Your eligible benefit will be adjusted on an annual basis in July. The process, called the “annual escalator,” is determined as follows:

- Your previous monthly gross benefit multiplied by 1.5%; and,
- An additional dollar 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

All benefits except for terminated vested benefits are eligible for the annual escalator.

Considering a Service Retirement?

If you are considering a service retirement, please contact us at 515.254.9200 or at pensions@mfprsi.org for an estimate.

Please be prepared to provide the following:

- *For calculation of optional forms of benefits.
- Member’s Name
- Address
- Phone Number
- Email Address
- Date of Birth
- Date of Hire
- Anticipated Date of Retirement
- Include DROP Estimate (y/n)
- Marital Status*
- Spouse’s Date of Birth
- Beneficiary’s Name*
- Beneficiary’s Date of Birth*
- Relationship to Beneficiary*

Disability Benefits

Disability benefits are available to MFPRSI members who can no longer perform their official police or fire duties due to a disabling condition or conditions. A disabling condition may or may not be job-related, but it must be permanent in nature. However, the disability benefit differs depending on if the disabling injury or illness is considered accidental or ordinary.

To be permanent, the disabling injury or illness must be considered as lasting one year or longer. The specific eligibility requirements for a disability benefit are discussed in the following pages. Additionally, in order to qualify for disability benefits, you must be considered a “member in good standing.”

Member in Good Standing

A “member in good standing” is a member in service who has not been terminated by the employing city pursuant to Iowa Code sections 400.18 or 400.19. Termination procedures initiated by the chief pursuant to Iowa Code section 400.19 do not become final or adversely impact a member’s status as a member in good standing until all appeals provided by an applicable collective bargaining agreement or by law have been exhausted. Disciplinary action other than discharge does not adversely affect a member’s status as 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.

If a member is determined to not be in good standing after receiving disability benefits, the member must return benefits paid plus interest.

Accidental Disability Benefit

Eligibility - If you suffer a total and permanent incapacitating injury or illness incurred in or aggravated by the actual performance of duties, arising out of or in the course of employment, as a firefighter or police officer and you are a member in good standing or receiving an ordinary disability benefit and within 3 years of retirement, then you are eligible to apply 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. Heart, lung, respiratory tract disease, cancer, and infectious disease as defined below are presumed to have been contracted in the line of duty and meet the eligibility requirements for an accidental disability benefit.

Heart and lung disease is defined as any disease of the heart, lung, or respiratory tract.

Cancer is defined as a group of diseases involving abnormal cell growth with the potential to invade or spread to other parts of the body.

Infectious disease is defined as HIV, AIDS, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis

Mental injuries must be traceable to a readily identifiable work event constituting a manifest happening of a sudden traumatic nature from an unexpected cause or unusual strain in the workplace in order to qualify for an accidental disability benefit. Whether an event is traumatic, unexpected, or unusual is determined by comparing the incident to the experiences of other police officers or firefighters in Iowa.

Pre-existing medical condition - If you have a pre-existing medical condition, you may not be eligible 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 your average final compensation. The service retirement benefit formula will be substituted if it results in a higher benefit.

In the event of your passing, your spouse is entitled to 50% of your gross benefit at the time of your passing.

Accidental Disability Benefit Formula

$$\text{High 3-Years Annual Earnable Compensation} \div 36 \text{ months}^* = \text{Average Monthly Earnable Compensation} \times 60\% = \text{Monthly Accidental Disability Benefit}$$

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

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 total and permanent incapacitating injury or illness, which does not meet the definition of an accidental disability, while you are an active member and you are a member in good standing, then you are eligible to apply 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.

Pre-existing condition - If you have a pre-existing medical condition, you may not be eligible 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:

- If you have five or more years of service, you are granted a pension equal to 50% of your average final compensation; or,
- 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 will be substituted if it results in a higher benefit.

In the event of your passing, your spouse is entitled to 50% of your benefit at the time of your passing.

Ordinary Disability Benefit Formula For members with 5 or more years of service

$$\text{High 3-Years Annual Earnable Compensation} \div 36 \text{ months}^* = \text{Average Monthly Earnable Compensation} \times 50\% = \text{Monthly Ordinary Disability Benefit}$$

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Ordinary Disability Benefit Formula For members with fewer than 5 years of service

$$\text{High 3-Years Annual Earnable Compensation} \div 36 \text{ months}^* = \text{Average Monthly Earnable Compensation} \times 25\% = \text{Monthly Ordinary Disability Benefit}$$

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Right to Apply for an Accidental Disability Benefit - If you are awarded an ordinary disability benefit, you retain the right to apply for an accidental disability benefit for a period of three years after retirement.

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

Additional Requirements for Accidental Disability and Ordinary Disability Benefits

MFPRSI maintains the right to perform the following for those awarded either an accidental disability benefit or an ordinary disability benefit:

Medical Re-examination - MFPRSI has the right to review the medical records of all members who are under age 55 and 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 are entitled 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.

Survivor Benefits

As a member of MFPRSI your survivors may qualify for benefits if you pass away while an active member or in retirement.

Members are allowed to designate primary and contingent beneficiaries on their MFPRSI account. Please be aware that it is your responsibility to update beneficiary designations as you experience major life changes. Marriage, divorce, deaths of loved ones, and births of children are several examples of major life events that should lead you to consider your beneficiary designations.

Additionally, due to the dangers of being a police officer and a firefighter, it is very important to keep your beneficiary designations current with MFPRSI. We are bound to provide benefits to the beneficiary designated on file should anything unfortunate occur. Review your beneficiary designations regularly to ensure the correct person is in line to receive benefits when the time comes.

Accidental Death Benefit

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

Heart and lung disease is defined as any disease of the heart, lung, or respiratory tract.

Cancer is defined as a group of diseases involving abnormal cell growth with the potential to invade or spread to other parts of the body.

Infectious disease is defined as HIV, AIDS, all strains of hepatitis, meningococcal meningitis, and mycobacterium tuberculosis.

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

- a. Your spouse, dependent parents, or dependent children receive(s) 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.

The designated beneficiary will receive the following:

Accidental Death Benefit Formula
For the designated beneficiary

$$\text{High 3-Years Annual Earnable Compensation} \div 36 \text{ months}^* = \text{Average Monthly Earnable Compensation} \times 50\% = \text{Monthly Accidental Death Benefit for Designated Beneficiary}$$

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Each designated child will receive the following:

Accidental Death Benefit Formula
For the designated children

$$\text{Average Annual Earnable Compensation of the Active Membership}^* \div 12 \text{ months} = \text{Average Monthly Earnable Compensation} \times 6\% = \text{Monthly Accidental Death Benefit for Designated Children}$$

*The average earnable compensation of the membership is determined by MFPRSI's actuary.

If your beneficiary or spouse is entitled to an accidental death benefit, he or she may elect to receive a lump-sum accidental death benefit in lieu of the monthly 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, benefits are paid according to the rules of Iowa Code Chapter 411. This pension is eligible for the annual escalator.

Line-of-Duty Death Lump-Sum Benefit

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

Benefit Description - Your surviving spouse or 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 pass from causes not sustained in the line of duty, your beneficiary, spouse, or dependent children are eligible for an ordinary death benefit.

Benefit Description - Your beneficiary is entitled to the greater of a lump sum equal to 50% of your earnable compensation during your last year of service or a refund of contributions.

Alternative Benefit - Instead of the lump-sum payment your surviving spouse and children may elect a pension equal to 40% of the sum of your average final compensation (using up to your highest three 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.

Child Benefit - Each of your children may receive a monthly pension equal to 6% of the average monthly earnable compensation of the active membership, as reported by the actuary.

If you are an active member, the beneficiary benefit 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 begin with your date of death.

The designated beneficiary will receive the following:

Ordinary Death Benefit Formula
For the designated beneficiary

$$\text{High 3-Years Annual Earnable Compensation} \div 36 \text{ months}^* = \text{Average Monthly Earnable Compensation} \times 40\% = \text{Monthly Ordinary Death Benefit for Designated Beneficiary}$$

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Each designated child will receive the following:

Ordinary Death Benefit Formula
For the designated children

$$\text{Average Annual Earnable Compensation of the Active Membership}^* \div 12 \text{ months} = \text{Average Monthly Earnable Compensation} \times 6\% = \text{Monthly Ordinary Death Benefit for Designated Children}$$

*The average earnable compensation of the membership is determined by MFPRSI's actuary.

Death Benefit After Retirement

Eligibility - Your surviving spouse 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 disability, accidental disability, or vested (basic benefit only) retirement.

Benefit Description - Your surviving spouse 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.

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.

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.

This pension is eligible for the annual escalator except for beneficiaries of vested members. This benefit is not affected by remarriage of your surviving spouse.

The designated beneficiary will receive the following:

Death Benefit After Retirement Formula
For the designated beneficiary

$$\text{Gross Benefit at the Date of Passing} \times 50\% = \text{Monthly Ordinary Death Benefit After Retirement for Designated Beneficiary}$$

Each designated child will receive the following:

Death Benefit After Retirement Formula
For the designated children

$$\frac{\text{Average Annual Earnable Compensation of the Active Membership}^*}{12 \text{ months}} = \text{Average Monthly Earnable Compensation} \times 6\% = \text{Monthly Death Benefit after Retirement for Designated Children}$$

*The average earnable compensation of the membership is determined by MFPRSI's actuary.

Terminated Vested Benefits

If you were employed by a participating city with MFPRSI but ended your employment prior to reaching age 55, you may still be eligible to collect a retirement upon turning 55 years old.

Eligibility - If you have at least four years of service upon termination of membership and are not yet age 55, or reach age 55 while an active member, 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 $\frac{4}{22}$ 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 in the service retirement section of this manual). This retirement allowance is based on your average final compensation at the time the employment was terminated. Optional forms of benefits (as described in the service retirement section of this manual) 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 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 with five or more years of service who previously received a refund of contributions, you may restore the period of service by paying the actuarial cost to restore the credit. The maximum number of years allowed to purchase for prior service is five years. The purchased years of service will be recognized by MFPRSI for the purpose of calculating your benefit.

Purchase of Military Service Credit – If you are a military veteran and an active member with at least five years of service with the retirement system, you may purchase up to five years of service credit for the service time you were in the military. The service credit may be purchased in one-year increments. 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. The purchased years of service will be recognized by MFPRSI for the purpose of calculating your benefit.

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.

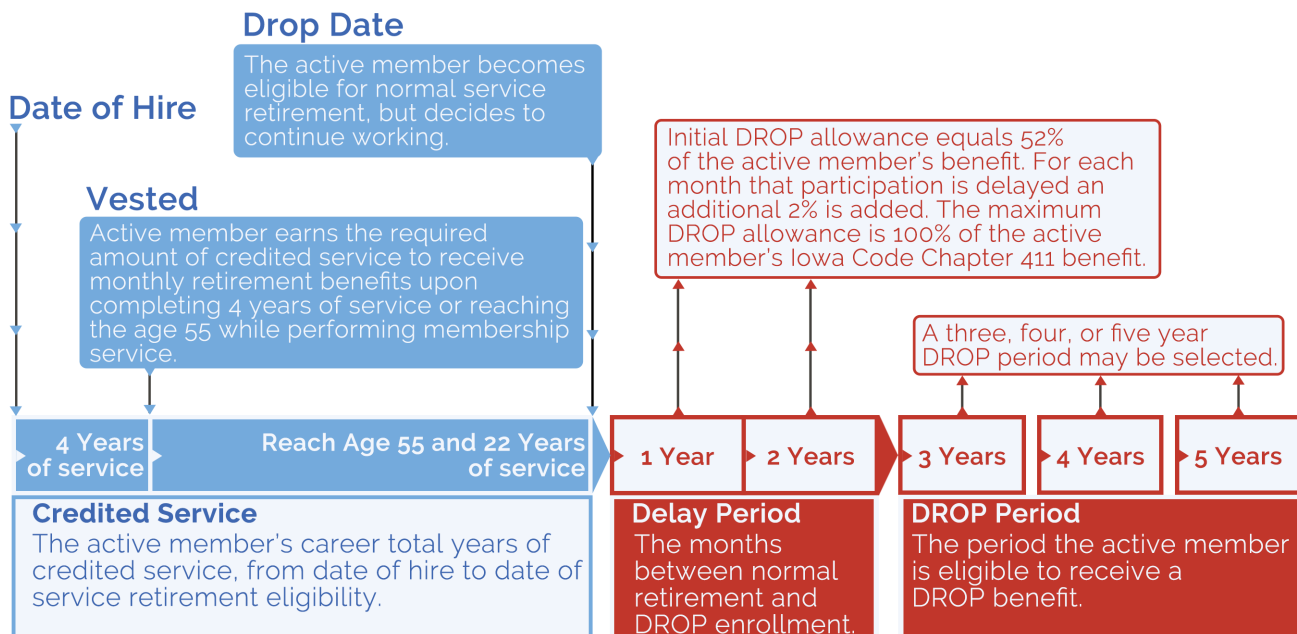
Participation Period - DROP offers participation periods of three, four, and five years.

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.

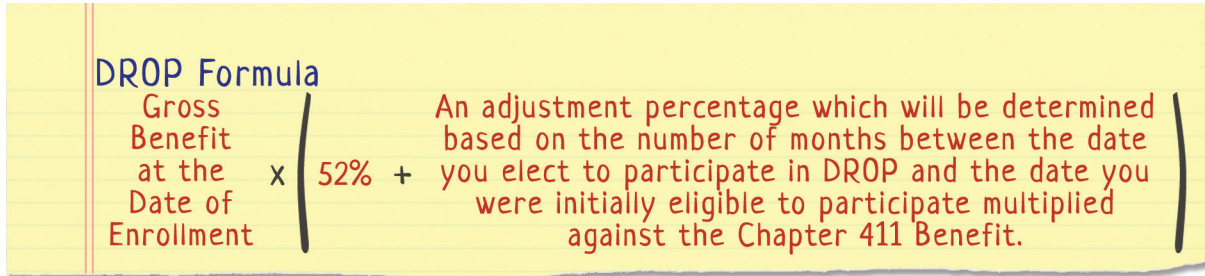
Benefit Determination - The DROP monthly retirement benefit will be determined based on the period of service and average final compensation through the quarter of membership service immediately preceding the enrollment date elected. Your service benefit will not change once DROP participation becomes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

DROP Illustration

The illustration below provides a general timeline of a member's career and participation in DROP. Following your DROP eligibility date, which is the date you would normally be qualified to retire yet have decided to continue working, completing two additional full years before officially enrolling in the plan earns you 100% of your Chapter 411 benefit. Upon completion of your DROP period (three, four, or five years) and termination of employment, you will receive your benefit accrued through the DROP plan in the form of a one-time, lump-sum payout.



DROP Account - Once enrolled in DROP you will have an official account established which will have a portion of your service benefit credited to it for the duration of the selected participation period. The portion of your service benefit credited to your account will be comprised of the following:



DROP Formula

$$\text{Gross Benefit at the Date of Enrollment} \times \left(52\% + \text{An adjustment percentage which will be determined based on the number of months between the date you elect to participate in DROP and the date you were initially eligible to participate multiplied against the Chapter 411 Benefit.} \right)$$

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 52% plus 48% (2% x 24 months) equals 100%.

DROP Accrual - An amount equal to 75% of your DROP benefit will accumulate to your DROP account for each month of participation in the plan. An amount equal to 25% 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 pass away 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 - Your DROP account becomes payable, upon your application, on your actual date of retirement; however, you will not be paid your DROP distribution until the month following your retirement in order for your break in service to be verified. Your DROP distribution can be paid either by a lump-sum distribution or as a rollover to an eligible plan.

Your regular monthly pension benefit payments will also become payable, upon your application, 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, you will not earn the 25% DROP accrual for completing your selected DROP period. 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.

Retirement 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 or our website, www.mfprsi.org. Upon receipt of the application, we will typically need a minimum of 30 days to obtain and process the information from the city from which you will retire. 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 six optional forms of service benefit listed on page 8), we require a marriage certificate and/or your designated beneficiary's birth certificate with your application.

Death Benefits - When you pass, 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/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 on our website, www.mfprsi.org, or by contacting us by email at pensions@mfprsi.org or phone 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. 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.

Disability Retirement Application 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/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.

The process of determining eligibility for a disability retirement is outlined below:

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 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 or email to you, your chief, and your city's administration indicating that an application has been received. We require your forms include medical record releases from all relevant physicians. 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 you 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 10 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 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 (see Note below). Upon determination a letter is sent to you, your department chief, and your city's administration stating the determination. Also included with the determination letter is the Release of Information 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 30 days prior to the scheduled date of the hearing.
8. **Appeal Committee** - The Appeal Committee is comprised of three members of the Board of Trustees. 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 of Trustees 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 49 cities as stated by Chapter 411 of the Iowa Code. The 49 cities, whose fire and/or police personnel are covered by Chapter 411 of the Iowa Code, are as follows:

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

*Police department only.

Benefit Estimates for Service Retirement Benefits

The next several pages provide both a benefit estimate calculation worksheet and 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:

- Member's Name
- Address
- Phone Number
- Email Address
- Date of Birth
- Date of Hire
- Anticipated Date of Retirement
- Include DROP Estimate (y/n)
- Marital Status*
- Spouse's Date of Birth
- Beneficiary's Name*
- Beneficiary's Date of Birth*
- Relationship to Beneficiary*

* For calculation of optional forms of benefits

Service Retirement Benefit Estimate Worksheet

1. If you plan to retire now, add your current highest 3 years of annual compensation and divide the sum by 36. If you plan to retire in the future, add what you think will be your highest 3 years of annual compensation and divide by 36.

High 1: _____
 High 2: + _____
 High 3: + _____
 Sum of High 3 Years: = _____
 ÷ 36 months

Average Monthly Earnable Compensation: = _____

2. If plan to retire now, select the percentage multiplier from the chart below that matches your years of service. If you plan to retire in the future, select the multiplier that aligns with the number of years you expect to have accumulated at retirement.

Percentage Multiplier: _____

3. Multiply the average monthly earnable compensation dollar amount in Step 1 with the percentage in Step 2 to produce your monthly benefit estimate.

Step 1: _____
 Step 2: x _____

Monthly Pension Benefit → =

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

Benefit Estimate Examples

Service Retirement Benefit, the “Basic Benefit”

For this example, the following assumptions have been made:

Member’s age.....	59
Beneficiary’s age.....	58
Designated lump sum.....	\$1,369,000
Years of service.....	28

Service Multiplier Chart

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

Service Retirement Benefit Calculation

Highest 3 Years of Final Earnable Compensation		High 1: \$82,041
		High 2: \$84,176
		High 3: <u>\$89,916</u>
	High 3-Years Total:	\$256,133
		÷ <u>36 months*</u>
		\$7,115
Service Retirement Multiplier**		x <u>78%</u>
Monthly Pension Benefit	→	<u>\$5,550</u>

*The formula uses the member’s highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

**The number of years worked in this example is 28 years so the service retirement multiplier is 78%.

Service Retirement Optional Forms of Benefit Payment

The following monthly benefit types are optional only for Service and Vested retirements and were created using the assumptions and service retirement benefit formula above:

Benefit Type	Monthly Benefit
1. Basic Benefit	\$ 5,550
2. Joint & 75% Survivor	\$ 5,326
3. Joint & 75% Survivor with Pop-up	\$ 5,245
4. Joint & 100% Survivor	\$ 5,120
5. Joint & 100% Survivor with Pop-up	\$ 5,020
6. Single-Life Annuity with Lump Sum	\$ 3,030
7. Straight-Life Annuity	\$ 6,059

Accidental Disability Benefit Calculation

For this example, the following assumptions have been made:

Member's age.....	35
Beneficiary's age.....	33
Years of service.....	12

Accidental Disability Retirement Benefit Calculation

Highest 3 Years of Final Earnable Compensation	High 1:	\$82,041
	High 2:	\$84,176
	High 3:	<u>\$89,916</u>

High 3-Years Total: \$256,133

÷ 36 months*

\$7,115

Accidental Disability Multiplier x 60%

Monthly Pension Benefit → \$4,269

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Ordinary Disability Benefit Calculation

For this example, the following assumptions have been made:

Member's age.....	35
Beneficiary's age.....	33
Years of service.....	12

Ordinary Disability Retirement Benefit Calculation

Highest 3 Years of Final Earnable Compensation	High 1:	\$82,041
	High 2:	\$84,176
	High 3:	<u>\$89,916</u>

High 3-Years Total: \$256,133

÷ 36 months*

\$7,115

Ordinary Disability Multiplier x 50%

Monthly Pension Benefit → \$3,558

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

Accidental Death Benefit Calculation

For this example, the following assumptions have been made:
 Years of service 12
 Average monthly earnable compensation of the active membership.....\$7,493

**Accidental Death Benefit Calculation
 Beneficiary - Spouse**

Highest 3 Years of Final	High 1:	\$82,041
Earnable Compensation	High 2:	\$84,176
	High 3:	<u>\$89,916</u>
	High 3-Years Total:	\$256,133
	÷	<u>36 months*</u>
		\$7,115
Accidental Death Multiplier	x	<u>50%</u>
Monthly Pension Benefit	→	<u>\$3,558</u>

**Accidental Death Benefit Calculation
 Beneficiary - Child**

Average monthly earnable compensation of the active membership**		\$7,493
Death Multiplier - Child	x	<u>6%</u>
Monthly Pension Benefit	→	<u>\$450</u>

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.
 **The average earnable compensation of the membership is determined by MFPRSI's actuary. The amount used in this example is for illustrative purposes only.

Ordinary Death Benefit Calculation

For this example, the following assumptions have been made:

Years of service 12
 Average monthly earnable compensation of the active membership.....\$7,493

Ordinary Death Benefit Calculation Beneficiary - Spouse

Highest 3 Years of Final	High 1:	\$82,041
Earnable Compensation	High 2:	\$84,176
	High 3:	<u>\$89,916</u>

High 3-Years Total: \$256,133

÷ 36 months*

\$7,115

Ordinary Death Multiplier x 40%

Monthly Pension Benefit → \$2,846

Ordinary Death Benefit Calculation Beneficiary - Child

Average monthly earnable compensation
 of the active membership** \$7,493

Death Multiplier - Child x 6%

Monthly Pension Benefit → \$450

*The formula uses the member's highest three years of *annual* earnable compensation so dividing the total by 36 (3 years multiplied by 12 months) produces the average *monthly* earnable compensation.

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

Death Benefit After Retirement Calculation

For this example, the following assumptions have been made:
 Member's gross benefit at time of passing\$5,550
 Average monthly earnable compensation of the active membership.....\$7,493

Death Benefit After Retirement (Basic Benefit) Calculation
Beneficiary - Spouse

Monthly Member Benefit		\$5,550
Ordinary Death Multiplier	x	<u>50%</u>
Monthly Pension Benefit	—————>	<u><u>\$2,775</u></u>

Death Benefit After Retirement Calculation
Beneficiary - Child

Average monthly earnable compensation of the active membership*		\$7,493
Death Multiplier - Child	x	<u>6%</u>
Monthly Pension Benefit	—————>	<u><u>\$450</u></u>

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

Surviving Spouse Minimum Benefit Calculation

For this example, the following assumptions have been made:
 Average monthly earnable compensation of the active membership.....\$7,493

Surviving Spouse Minimum Benefit Calculation (BASIC BENEFIT ONLY)

Average monthly earnable compensation of the active membership*		\$7,493
Death Multiplier	x	<u>20%</u>
Monthly Pension Benefit	—————>	<u><u>\$1,499</u></u>

*The average earnable compensation of the membership is determined by MFPRSI'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 mailed to your last known address or uploaded to your MY411 account 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, email, 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. 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.

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

Marital Property Order (MPO) and Child Support Order (CSO) - 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.

Terminology and Definitions

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.

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

Board of Trustees (the "Board") is the appointed collective members created to direct the establishment and administration of the retirement system.

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 18 years;
- An individual who is under the age of 22 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 18 years and the parent was an active member of the retirement system.

City or cities are terms used to describe any individual city or group of cities participating in the statewide retirement system as required by Iowa Code Chapter 411. Currently, 49 cities in Iowa have police and/or fire departments participating in the retirement system.

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.

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 under this definition include firefighters, probationary firefighters, lieutenants, captains, and other senior officers who have been employed for firefighter duty.

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

Member is 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'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 9.675%.

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.

Ordinary Disability Beneficiary is a member retired on an ordinary disability retirement benefit for three years or less.

Pension refers to annual lifetime payments. All pensions shall be paid in equal monthly installments.

Police officer or police officers are terms used to describe 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.

Purchase of military service credit means the eligibility of an active member of the retirement system who served in the military and who has at least five years of membership service in the retirement system to purchase up to five 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.

Purchase of service credit for prior service (or "refund buy-back") 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.

Re-employed or re-employment refers to a person receiving a service retirement from MFPRSI becoming re-employed in a position covered by Iowa Code Chapter 411. 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.

Retirement system (or "System" or "MFPRSI") indicates the statewide pension 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.

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.

Vested member means a member who has earned at least 4 years of credited service or reaches age 55 while performing membership service. Once vested, the member is entitled to a monthly benefit upon retirement.