

# MFPSI UPDATE

## Summer 2021 Volume 56

### PROUD TO SERVE: MFPSI BOARD MEMBER DUANE PITCHER

Duane Pitcher knows a thing or two about longevity.

He joined the Navy officer program while receiving his undergraduate degree from Iowa State University and retired with a little more than 30 years as a Navy captain.

He has been employed with the city of Ames as finance director for 21 years and has been a member of the MFPSI Board of Trustees for 19 years.

"When I joined the board, MFPSI had been in existence for only a decade," Pitcher said. "A lot of similar systems have been around a lot longer and often operate on inertia. I saw an opportunity to help shape MFPSI into a really well-run system."

He has seen a fair amount of change and evolution within the system over the years. One that stands out is how Pitcher and his fellow board members have helped mature the system on the asset side.

"Sometimes systems concentrate too much on the short term when it's a very long-term system," he said. "We spend a lot of time focused on how we will continue to provide these benefits far into the future, for someone who may just be starting their career."

While Ames is an MFPSI member community, his role on the board is always to be concerned with the fiduciary responsibility the system has to all of its members.

"It's a good thing to have board members that are members of participating cities," said Pitcher. "It provides a good perspective, but I take off the "city" hat when we meet and do what is best for the benefit of the system."

To help the board make the best decisions, they went through an extensive goal setting process a few years ago which has guided their work ever since. They have met some of the goals and are still working toward the others.

"We have those goals as part of each meeting," Pitcher said. "It keeps us focused by looking back at what we have accomplished and what we still have left to do."

One of the goals is to make MFPSI a fully funded system which means that they regularly have enough assets to cover the obligations they pay to retired members.

"We're at about 80% funded right now and we have set up a path to get to 100% over time," he said. "Some more established public pension



**DUANE PITCHER**  
DIR. OF FINANCE  
CITY OF AMES

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**MFPSI**

MUNICIPAL FIRE & POLICE  
RETIREMENT SYSTEM OF IOWA

**B** The activities of MFPSI 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, fire, and city associations. The eight voting members select a private citizen to serve as the ninth voting member.

**O**

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### **Voting Members**

#### **Marty Pottebaum**

Board Chair  
Retired Police Officer  
Sioux City

#### **Mary Bilden**

Citizen  
Boone

#### **June Anne Gaeta**

Active Firefighter  
Muscatine

#### **Frank Guihan**

Retired Firefighter  
Burlington

#### **David McFarland**

Active Police Officer  
Waterloo

#### **Duane Pitcher**

Director of Finance  
Ames

#### **Laura Schaefer**

City Clerk/Finance Director  
Carroll

#### **Nickolas Schaul**

Finance Director  
Des Moines

#### **Michelle Weidner**

Chief Financial Officer  
Waterloo

### **Non-Voting Members**

#### **Sen. Jackie Smith**

#### **Sen. Roby Smith**

#### **Rep. Eric Gjerde**

#### **Rep. Bobby Kaufmann**

## **BOARD APPOINTMENTS**

Board of Trustees member Laura Schaefer was reappointed to a four-year term effective April 30, 2021. Schaefer continues her trusteeship she began in November 2019.



**LAURA SCHAEFER**

David McFarland, active police officer with the City of Waterloo, began his tenure on the board in May 2021. McFarland was selected to succeed Eric Hartman, active police officer from the City of Des Moines, whose term had concluded.

The average tenure for the nine voting trustees stands at twelve years as of April 30, 2021.



**DAVID MCFARLAND**

## **ESCALATION EXPLAINED**

Members and beneficiaries who are retired with either a service or disability benefit from MFPSI 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:

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.

## **CONTACT US AND OFFICE HOURS**

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# MY411 ENROLLMENT FOR ACTIVE MEMBERS

[my411.mfprsi.org](http://my411.mfprsi.org)



online member portal

In Spring 2021, MFPSI rolled out My411, a brand-new way for active members to view and keep track of their accounts. Currently, My411 allows active members to view their account summary, contact information, and access their annual statements.

Beginning later this year, retirees and beneficiaries will also be able to sign up for My411. Monthly pay stubs, account summaries, and 1099-R statements will be among the type of information available to retirees and beneficiaries once we initiate those groups' enrollment. We will mail instructions on how to register to our retirees and beneficiaries later this year so be sure to be on the lookout for future mailings from MFPSI.

My411 provides members with secure 24/7 access to their benefit information. When you enroll, account-related statements will be available immediately and you no longer will need to wait to receive them by mail. Statements and other communications will be uploaded into My411 several days before they would reach our members by mail.

My411 is a valuable resource intended to go hand-in-hand with the personal service provided by our pension officers. As My411 develops, we will slowly add additional functions. Be sure to check our website, [www.mfprsi.org](http://www.mfprsi.org), regularly to find out more information.



## DUANE PITCHER

CONTINUED  
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plans are under 50% funded so we feel very good about where MFPSI is as a relatively young system."

Pitcher gives credit to the leadership team at MFPSI for doing the day-to-day work that makes the system accessible and easy to manage

for members. The feedback he hears from those directly impacted by the system is almost always positive.

"The leadership has been strong from day one," he said. "The team is very responsive and works hard on behalf of the members."

Pitcher says members appreciate the fact they don't have to manage something as important as their pension benefits when they already have time consuming, stressful jobs serving the public and keeping us safe.

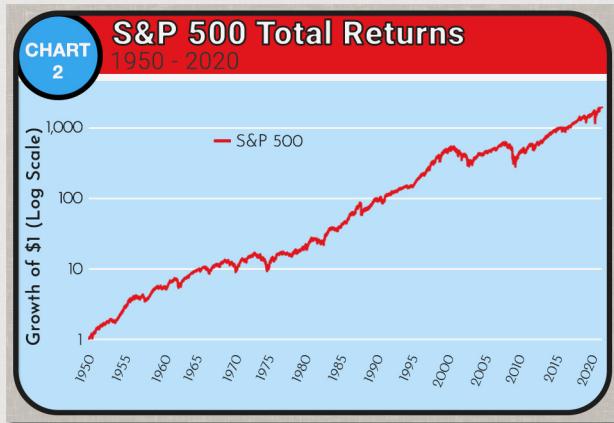
"My career is in finance so I can do that, but I don't do my own plumbing. I leave that to others who know more about it than I do."

As Pitcher looks ahead, he sees a strong future for MFPSI and the benefits it provides. The board provides guidance and discipline on both the funding side and the benefits side to make sure the system will be around for many years to come.

The same type of longevity Pitcher is used to.

"I have really enjoyed the time on the board," he said. "It's been a great group focused on meeting goals that we set together. I am proud to serve."

# INVESTMENTS

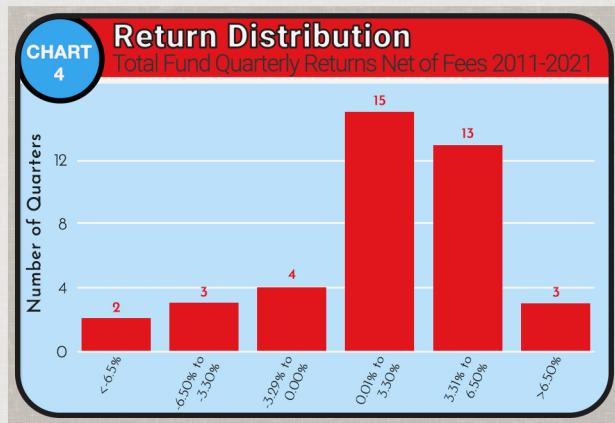
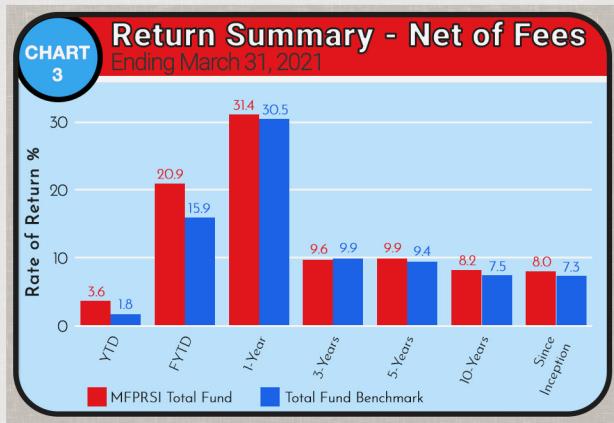


The past year plus has seen the stock market take a wild ride. The COVID-19 pandemic hit the world and financial markets hard. The stock market saw a decline of more than negative 30% before bouncing back strongly.

Interestingly, the two charts to the left tell different stories. Chart 1 shows the extreme volatility over the short-term since January 2020. On the other hand, if you take a step back, you can see that over the long-term the stock market has produced returns that oscillate around a long-term trend line averaging 11.5% per year in Chart 2. Log (or ratio) charts work best for long-term data so that recent performance doesn't dominate the graph.

Our retirement system and our investment policy focus on the long-term and emphasize performance over entire market cycles. We also strive to apply best practices such as diversification - with the goal of achieving solid risk-adjusted performance.

## March 31 Performance



The histogram above shows individual quarter-end returns of the total investment portfolio June 30, 2011 through March 31, 2021.

Charts 1 and 2 sourced from MFPRSI data, January 1950 to March 2021. The Total Fund Benchmark is comprised of 60% MSCI World (Net) and 40% Bloomberg Barclays U.S. Aggregate Index. Quarterly investment performance data collected and reported by Summit Strategies, June 30, 2011 to September 30, 2018, and Marquette Associates, December 31, 2018 to March 31, 2021 (current). The details of the retirement system's investment portfolio can be viewed at [www.mfprsi.org](http://www.mfprsi.org) or by reading the "Investment Policy," which can also be found on our website.

Investments

**MFPRSI** MUNICIPAL FIRE & POLICE  
RETIREMENT SYSTEM OF IOWA

# PENSIONOMICS

## 2021

### THE ECONOMIC IMPACT OF DEFINED BENEFIT SPENDING

Defined benefit (DB) pension benefits not only provide a secure source of income for many retired Americans, but they also have an enormous effect on local, state, and national economies. DB pensions are a vital contributing factor in sustaining customer demand that, in turn, supports thousands of jobs in Iowa.

A recent study revealed that in 2018, \$2.3 billion in pension benefits were paid to over 127,000 Iowa residents and, sequentially, retirees put these benefit dollars back into Iowa supporting \$3.5 billion in total economic output in the state. The study, "Pensionomics 2021" 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 substantial monetary stimulus to local communities and the state economy.

Every aspect of the economy is touched by the spending power that DB pensions provide their retired members. For example, the study points out that a retiree will use their pension money to buy various goods, including a new lawn mower. As a result of the purchase, the owner of the hardware store where the lawn mower was bought now has money to buy more goods to keep their store supplied. The company that manufactured the lawn mower receives the money from the purchase from the store and spends that additional revenue on workers, machinery, and other vital inputs into its business. In turn, the workers for the lawn mower manufacturer spend their paychecks on goods in their local economies.

This is called the "multiplier effect" and the "Pensionomics 2021" study says that retirees with DB pensions in Iowa play a powerful role in their local economies. Retiree expenditures from Iowa-based DB plans supported nearly 21,000 jobs in the state of Iowa. These 21,000 jobs represented 1.3 percent of Iowa's total labor force. The total income to Iowa residents supported by pension spending was \$963 million.

#### NIRS STUDY: ECONOMIC MULTIPLIER



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

**\$7.44** total economic output

Each \$1 in taxpayer contributions to Iowa's state and local pension plans supported \$7.44 in total economic output in the state. This is a good indication that while taxpayer contributions are important, they are one component of retirement benefit financing. Other sources of funding include investment earnings and employee contributions.

MFPSI is a defined benefit plan whose retirees were included in this study. This study helps illustrate that MFPSI's retirees generated 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 Pensionomics 2021 study provides. Visit [www.nirsonline.org](http://www.nirsonline.org) for more information and to view the "Pensionomics 2021" study.

# REMAINING 2021 CALENDAR

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

BENEFIT PAYMENT DATES	HOLIDAY SCHEDULE	BOARD OF TRUSTEES MEETING DATES
JULY 30	JULY 5	AUGUST 19
AUGUST 31	SEPTEMBER 6	OCTOBER 7
SEPTEMBER 30	NOVEMBER 11	NOVEMBER 18
OCTOBER 29	NOVEMBER 25 - 26	
NOVEMBER 30	DECEMBER 23 - 24	
DECEMBER 30	DECEMBER 31	

**MY411!** 

My411 offers online access to members of MFPSI! Active members can currently sign-up and view a snapshot of their MFPSI account and access various pension documents. Starting later in 2021, MFPSI will mail registration instructions to our retirees and beneficiaries so they will also be able to register. Be sure to be on the lookout for future MFPSI mailings!

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