

IOWA STATE POLICE ASSOCIATION

2023 ISPA Conference
10/11/2023

Presenter
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Executive Director

MFPRSI MUNICIPAL FIRE & POLICE
RETIREMENT SYSTEM OF IOWA

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MFPRSI PROFILE

- 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.
 - Created by Iowa General Assembly on January 1, 1992, under Iowa Code Chapter 411.
 - Consolidated fire and police retirement systems of 49 cities.
- Benefits include Service Retirement, Ordinary and Accidental Disability, Death Benefits, and Refunds.

MFPRSI PROFILE

Board of Trustees

Voting Members



Marty Pottebaum

Chair
Retired
Police Officer
Sioux City



June Anne Gaeta

Retired
Firefighter
Muscatine



Mallory Merritt

City
Representative
Davenport



Duane Pitcher

Citizen
Ames



Laura Schaefer

City
Representative
Carroll



Nickolas Schaul

City
Representative
Des Moines



Jennifer Sease

City
Representative
Ankeny



Eric Snyder

Active
Police Officer
Ames



Jason Zilk

Active
Firefighter
Des Moines

Non-Voting Members



Kenan Judge

Representative
House
District 44



Matthew Rinker

Representative
House
District 99



Nate Boulton

Senator
Senate
District 20



Tim Kraayenbrink

Senator
Senator
District 5

MFPRSI BENEFIT PROFILE

Defined Benefit plan.

- Benefit determined by defined formula and ensures payment upon retirement.

Member must be vested in order to be eligible to receive a Service Retirement.

- Vesting – Achieved upon completion of 4 years of membership service under the System or at age 55 while performing membership service.

Annual escalator (COLA).

MFPRSI BENEFIT PROFILE

Basic Benefit Calculation

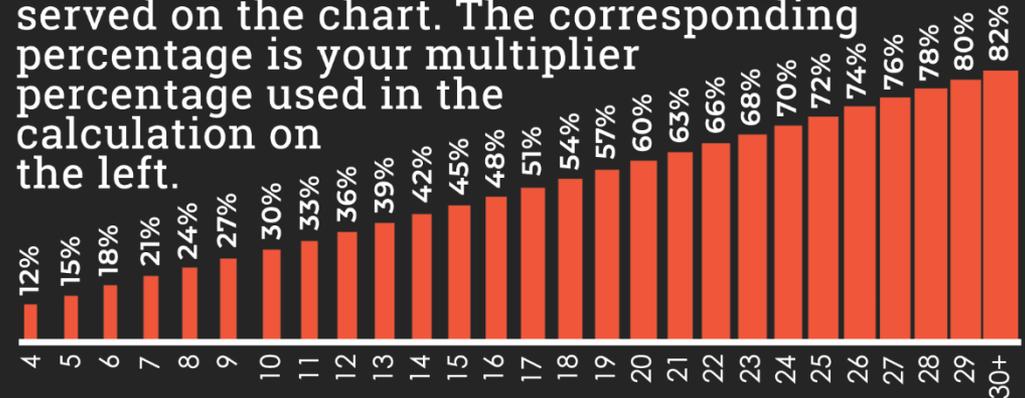
The average of your
**HIGHEST
THREE
YEARS**
of earnable compensation

**MULTIPLIER
PERCENTAGE**
X
found on the chart on the right

=
**BASIC
BENEFIT**

Basic Benefit Multiplier Percentages

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 on the left.



The basic benefit provides for a 50% surviving spousal benefit.

RECENT MFPRSI ACTIVITIES

Financial/Investments

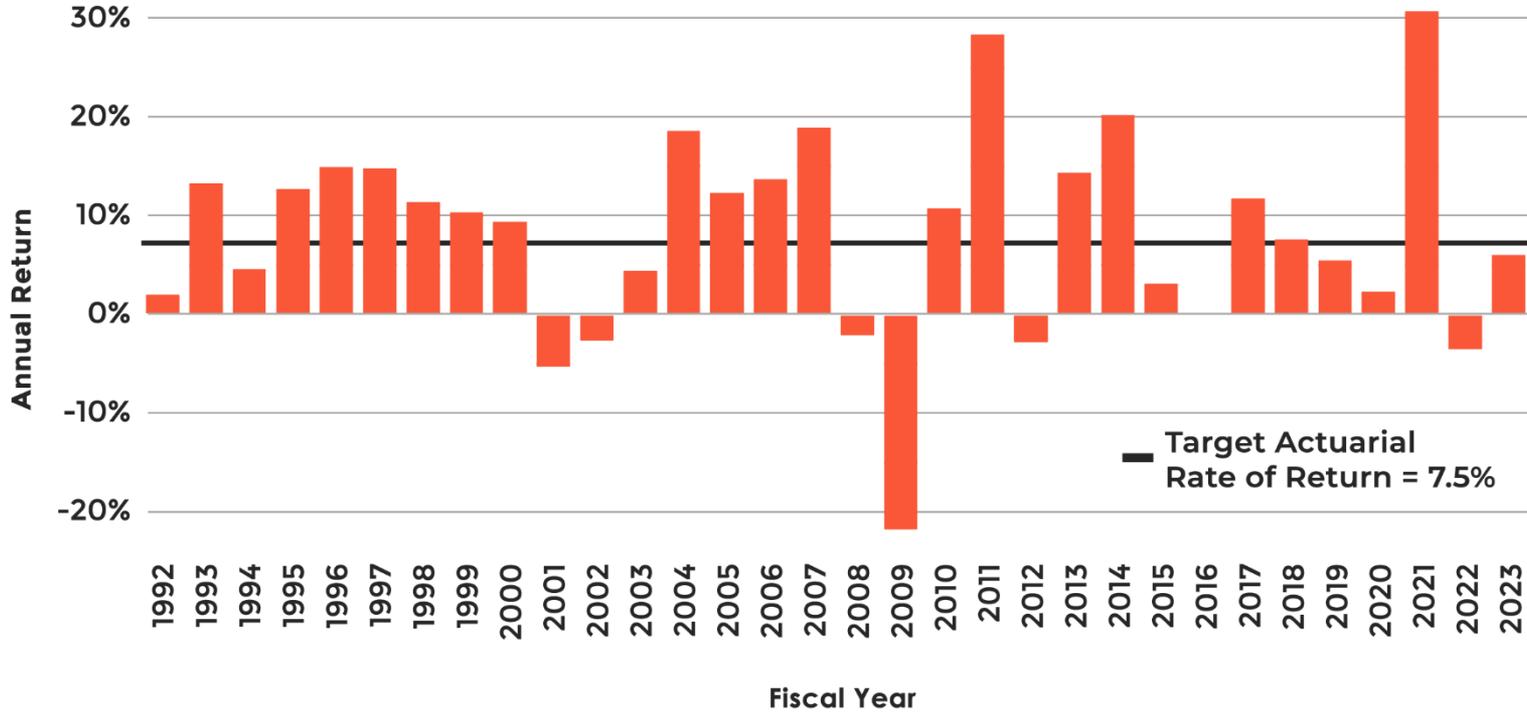
Total Assets & Performance

	Asset \$	FYTD	3 Years	5 Years	10 Years	Since Inception
Total Fund	\$3,203 M	6.0%	10.2%	7.6%	7.8%	7.8%

- Annualized performance (net of fees) as of June 30, 2023.
- Funded status as of July 1, 2023: 85%

RECENT MFPRSI ACTIVITIES

Financial/Investments - Fiscal Year Performance 1992-2023



RECENT MFPRSI ACTIVITIES

Financial/Investments

Effective July 1, 2023:

- Employer Contribution Rate decreased to 22.98% from 23.90%.
- Member Contribution Rate remained at 9.40%.

Effective July 1, 2024, Employer Contribution Rate will decrease from 22.98% to 22.66%.

Annual Normal Cost as of July 1, 2023: 17.48%.

- This is the actual cost for the benefits provided.
- The additional amounts contributed by the cities and members go toward paying the Unfunded Actuarial Accrued Liability (UAAL).

RECENT MFPRSI ACTIVITIES

Benefit Plan

- 4,168 active members as of July 1, 2023.
 - Average age: 40.1 years
 - Average years of service: 12.8 years
 - Average active member salary: \$89,916
 - Average annual Service Retirement Benefit: \$63,504

As of June 30, 2023, 85% of retirees and beneficiaries reside in Iowa.

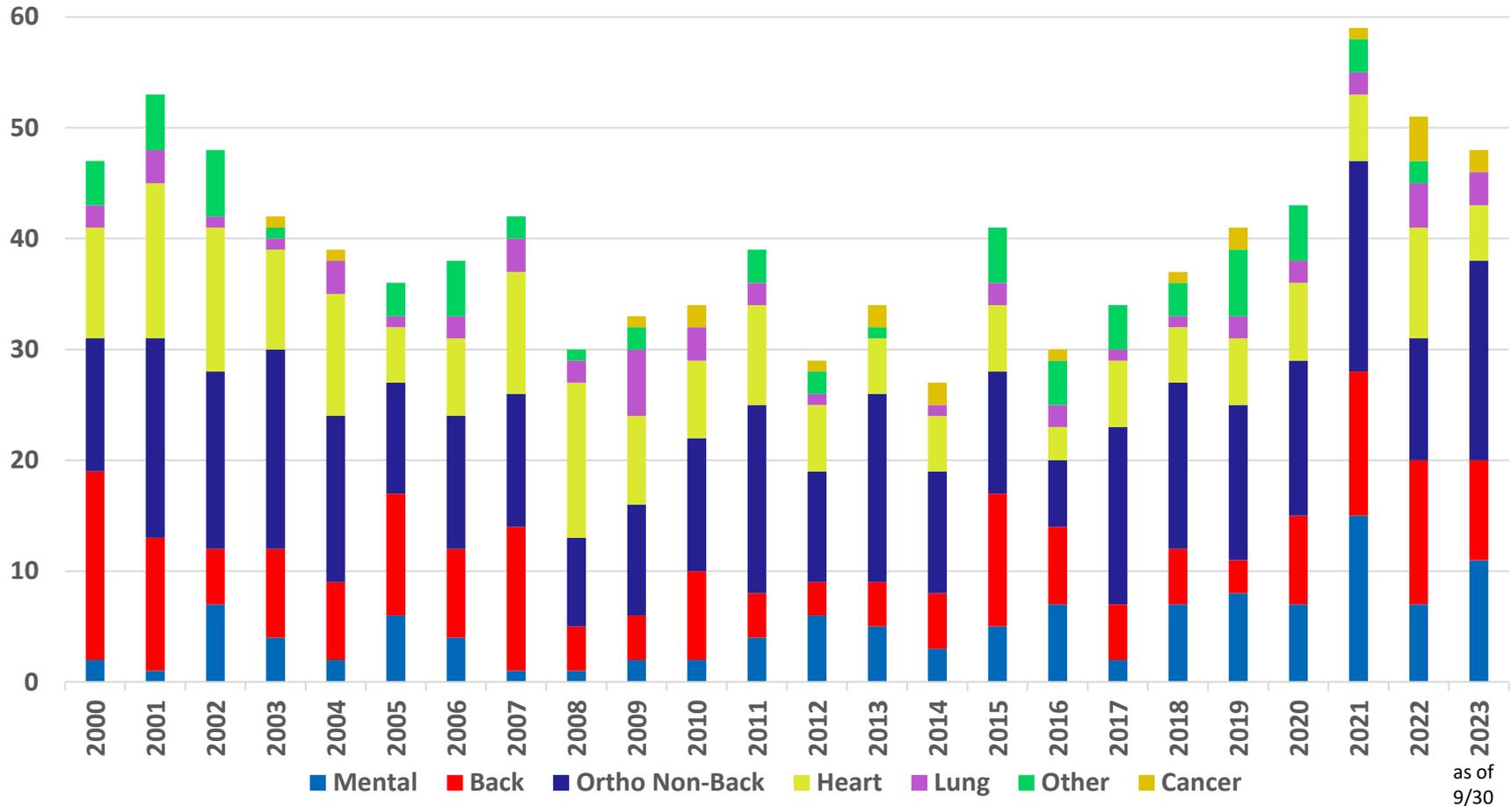
On a monthly basis the retirement system administers \$17 million in benefits to over 4,500 retirees & beneficiaries.

DROP participation remains steady.

- 49% eligible members currently participate.
- Average DROP payout: \$157,241.

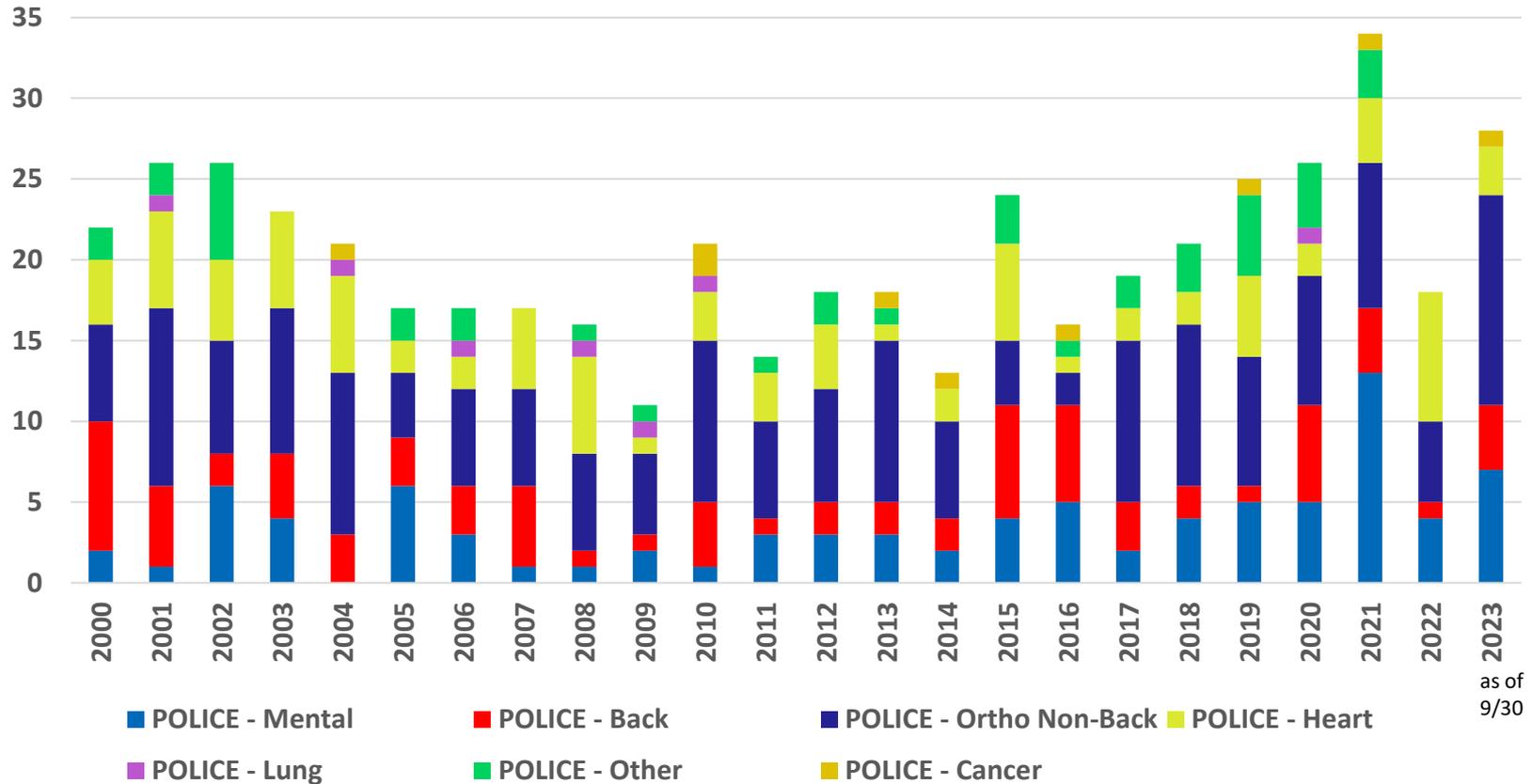
RECENT MFPRSI ACTIVITIES

Benefit Plan - Disability By Type



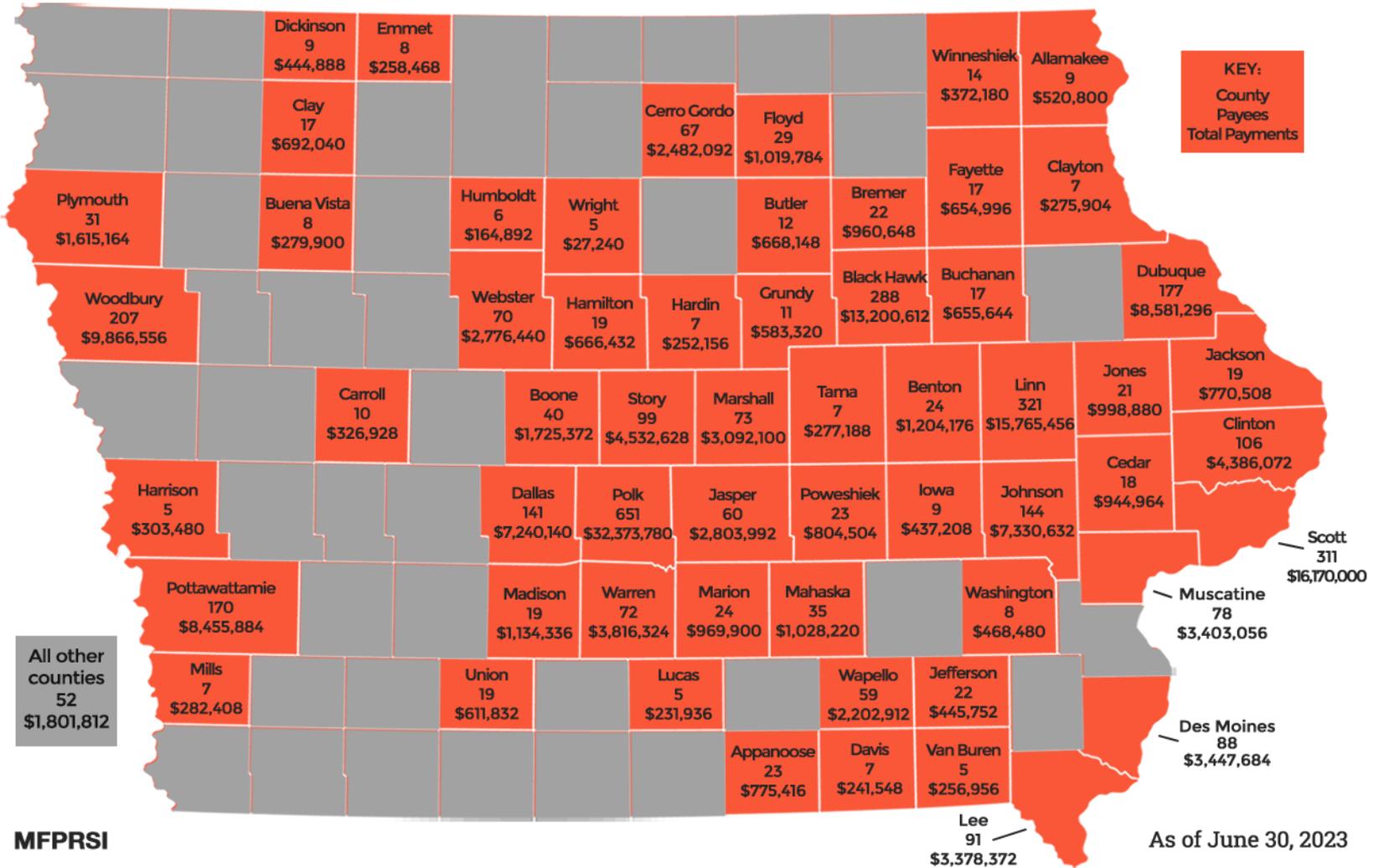
RECENT MFPRSI ACTIVITIES

40 Police - Disabilities By Type



RECENT MFPRSI ACTIVITIES

Benefit Plan - Payees and Total Benefit Payments by County



MFPRSI

As of June 30, 2023

13

\$214 million total benefits paid, including est. \$172* million paid in Iowa. \$87 million total state-wide employer contributions. As of June 30, 2023, 85%* of retirees and beneficiaries reside in Iowa.

MFPRSI MUNICIPAL FIRE & POLICE RETIREMENT SYSTEM OF IOWA

*Data includes regular payroll participants, MPOs, DROP, and refunds in the June 30, 2023, payroll.

RECENT MFPRSI ACTIVITIES

Legislative Activities

Senate File 418 (SF 418) was signed into law by Governor Kim Reynolds on May 5, 2023.

- SF 418 applies to investments in entities controlled by the Chinese government or military and designated by the US government as entities in which investments are restricted.
 - MFPRSI will adhere to the new law and direct its investment firms to divest direct investments from the designated companies.

RECENT MFPRSI ACTIVITIES

Legislative Activities

Fire & Police Contribution

- State of Iowa Contribution options:
 - \$13.3M one-time contribution, equaling original 3.79% commitment.
- OR \$15M over next 3 years.
 - Matches state contribution to POR: \$5M/year.

Assuming a state contribution of 3.79%, the state shortfall through June 30, 2023, has been \$203M with a direct impact to the cities of \$171M and a direct impact to MFPRSI of \$32M.

- The impact to MFPRSI has been \$150M with investment earnings.
- For FY 2023, the state contribution would have been \$13.3M and a direct reduction of employer contributions.

RECENT MFPRSI ACTIVITIES

Management

My411

- Offers online account access to MFPRSI's members.
- Members can currently view a snapshot of their retirement account and access various pension documents.
- If you have not signed up, contact our office by email (pensions@mfprsi.org) or by telephone (515.254.9200) to register and receive authorization code.
- Distributed annual statements to active members in March 2023.
 - The annual statements included authorization codes to get active membership signed up for My411.

RECENT MFPRSI ACTIVITIES

Management

Outreach

- In-person Outreach meetings with a Senior Pension Officer.
- Provides opportunity for members to meet on an individual basis to discuss their retirement.
- Contact our office by email (pensions@mfprsi.org) or by telephone (515.254.9200) to schedule an appointment.

RECENT MFPRSI ACTIVITIES

Management

Communications

- Brief pamphlets covering regular service retirement and disability retirement are available on the website.
- Various other publications, including annual report and newsletter, are also available on our website.
- Newsletter distributed to members twice per year. Next issue will be published in Winter/Spring 2024.

25-YEAR PROJECTIONS

Municipal Fire & Police Retirement System of Iowa

Forecast of Contribution Rates and Funded Status

(Amounts in Thousands)

Valuation Date	7/1/2023	7/1/2024	7/1/2025	7/1/2026	7/1/2027	7/1/2028	7/1/2029	7/1/2030	7/1/2031	7/1/2032	7/1/2033	7/1/2034	7/1/2035
Actual Prior Year													
Investment Return on Assets													
- Market Value	N/A	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
- Actuarial Value	N/A	7.78%	8.55%	4.98%	7.23%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Covered Payroll	374,768	389,010	403,792	419,136	435,063	451,596	468,756	486,569	505,059	524,251	544,172	564,851	586,315

**Current Entry Age Normal Method
25-Year Amortization Period of UAL
Level Dollar, Closed Layered Amortization**

Actuarial Accrued Liability	3,801,949	3,942,732	4,074,953	4,209,370	4,345,782	4,483,959	4,623,631	4,764,494	4,901,301	5,038,038	5,174,217	5,309,293	5,442,655
Asset Values													
- Market Value	3,175,750	3,303,072	3,433,053	3,565,772	3,697,805	3,840,956	3,988,096	4,137,593	4,289,206	4,442,660	4,597,206	4,752,421	4,907,830
- Actuarial Value	3,215,148	3,354,224	3,522,512	3,574,735	3,697,805	3,840,956	3,988,096	4,137,593	4,289,206	4,442,660	4,597,206	4,752,421	4,907,830
Funded Ratio (Actuarial Value Assets)	84.57%	85.07%	86.44%	84.92%	85.09%	85.66%	86.25%	86.84%	87.51%	88.18%	88.85%	89.51%	90.17%
Contribution Rates (% of Payroll)													
- Cities	22.66%	22.40%	21.39%	23.15%	23.15%	22.82%	22.50%	22.19%	21.81%	21.44%	21.08%	20.73%	20.39%
- Members	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
- State	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Total	32.06%	31.80%	30.79%	32.55%	32.55%	32.22%	31.90%	31.59%	31.21%	30.84%	30.48%	30.13%	29.79%
Actual Cities Contribution Rate	22.98%	22.66%	22.40%	21.39%	23.15%	23.15%	22.82%	22.50%	22.19%	21.81%	21.44%	21.08%	20.73%

Assumptions and Data

Interest Rate	7.5%	Non-Investment Expense Growth	3.0%
Active Members		Census Data	
- Population Growth	0.2%	- As of July 1, 2023	
- Average Age	40.1	Asset Data	
- Average Service	12.8	- As of July 1, 2023	

25-YEAR PROJECTIONS

Municipal Fire & Police Retirement System of Iowa

Forecast of Contribution Rates and Funded Status

(Amounts in Thousands)

Valuation Date	7/1/2036	7/1/2037	7/1/2038	7/1/2039	7/1/2040	7/1/2041	7/1/2042	7/1/2043	7/1/2044	7/1/2045	7/1/2046	7/1/2047	7/1/2048
Actual Prior Year													
Investment Return on Assets													
- Market Value	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
- Actuarial Value	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%
Covered Payroll	608,595	631,722	655,727	680,645	706,509	733,357	761,224	790,151	820,177	851,343	883,694	917,275	952,131

**Current Entry Age Normal Method
25-Year Amortization Period of UAL
Level Dollar, Closed Layered Amortization**

Actuarial Accrued Liability	5,573,621	5,701,433	5,819,429	5,931,940	6,037,896	6,136,118	6,225,308	6,304,035	6,370,729	6,423,666	6,460,955	6,480,523	6,486,582
Asset Values													
- Market Value	5,062,899	5,217,029	5,367,327	5,515,094	5,644,603	5,770,262	5,891,143	6,006,220	6,114,361	6,214,315	6,304,702	6,384,005	6,450,557
- Actuarial Value	5,062,899	5,217,029	5,367,327	5,515,094	5,644,603	5,770,262	5,891,143	6,006,220	6,114,361	6,214,315	6,304,702	6,384,005	6,450,557
Funded Ratio (Actuarial Value Assets)	90.84%	91.50%	92.23%	92.97%	93.49%	94.04%	94.63%	95.28%	95.98%	96.74%	97.58%	98.51%	99.44%
Contribution Rates (% of Payroll)													
- Cities	19.72%	19.41%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%
- Members	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%	9.40%
- State	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
- Total	29.12%	28.81%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%	26.40%
Actual Cities Contribution Rate	20.39%	19.72%	19.41%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%	17.00%

Assumptions and Data

Interest Rate	7.5%	Non-Investment Expense Growth	3.0%
Active Members		Census Data	
- Population Growth	0.2%	- As of July 1, 2023	
- Average Age	40.1	Asset Data	
- Average Service	12.8	- As of July 1, 2023	

CONTACT US

We are located at:

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

Office hours are 7:30 a.m. to 4:00 p.m., Monday through Friday.

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Phone	515.254.9200
Toll-Free Phone	888.254.9200