

# Retirement Resources When The Countdown Is On

For Members Nearing Retirement



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





## *Retirement Resources*

As a member of Municipal Fire & Police Retirement System of Iowa (MFPRSI), once you reach a certain age and have accumulated the required years of service you are eligible to receive a monthly pension for life.

The size of the pension depends upon:

- Your age and years of service;
- The benefit option you select; and,
- The average of your highest three years of earnable compensation.

Your pension benefits with MFPRSI are not tied to the performance of the stock market. MFPRSI benefits are backed by Iowa statute and investment funding, and guaranteed to provide for you during your retirement.

If you are thinking about retiring, this pamphlet is designed to help you get started with the process. MFPRSI is here to help you set up your retirement and select options that are best suited for you and your family.

# Deciding When to Retire

The minimum requirements to start receiving a basic benefit are listed below. If you meet both of those requirements and you feel that the timing is right for you to retire, then you may apply.

You are eligible to receive benefits from MFPRSI if you are:

- Vested; and
- 55 years old or older

## VESTING REQUIREMENTS

Vesting, or the unconditional entitlement to a monthly benefit, is achieved in one of two ways:

- Completing four years of service; or,
- Reaching age 55 while an active member.

If you meet one of the above requirements, you are eligible to receive a monthly benefit. Keep in mind, if you have worked enough years but have not yet celebrated your 55th birthday, payments will not begin until you reach age 55.

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## When to Apply

We encourage you to contact us three to six months prior to your tentative retirement date. We will send you an application as well as a benefit estimate.

Please note that the service retirement application has a section that needs to be completed by a city official. Additionally, part of the application needs to be witnessed and stamped by a notary public.

You will also need to gather a list of certificates, including your birth certificate, your spouse's birth certificate, marriage certificate, and any prior certificates collected by your spouse from a previous marriage.

### The Application Process Takes Time!

Gathering these documents can take time, which is why we ask you to begin the process three to six months prior to your retirement. Once you have collected your materials and completed the application, submit them to us prior to your retirement date.



# BENEFITS

MFPRSI offers several types of retirement benefits. Your eligibility for retirement and various benefits depends on the years of service credit you have acquired and your age.

The most common type of benefit is the service retirement benefit, or “basic benefit.” You must be at least age 55 with at least 4 years of service in order to qualify.

## Basic Benefit Calculation

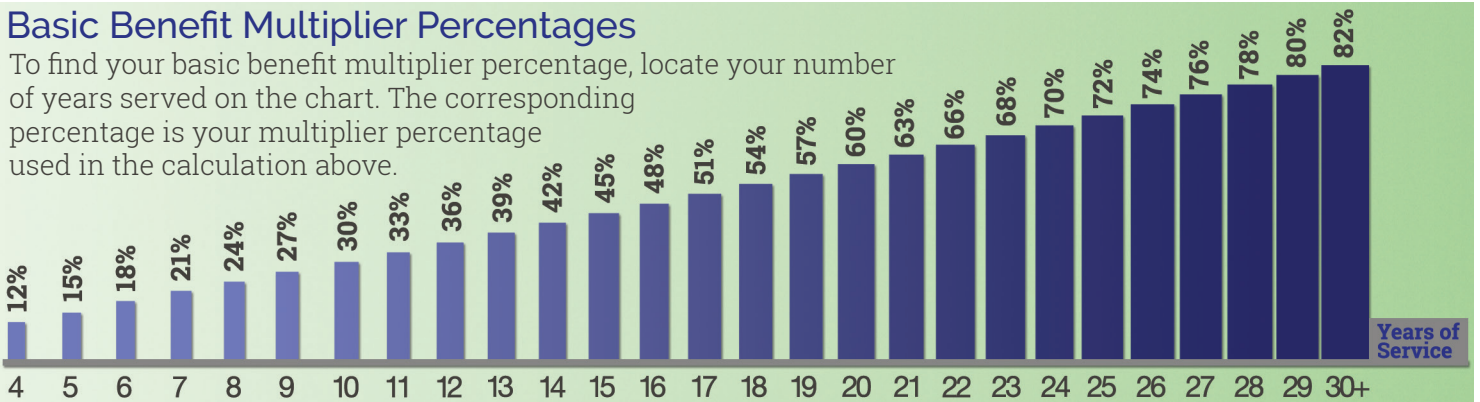
The average of your **highest three years** of earnable compensation

**X** Multiplier percentage found on the chart below

**=** 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 above.



## Service Retirement Benefits Options

| Payment Option  | Important to Note   |
|---|---|
| <b>1 Basic Benefit</b><br>Monthly benefit for life.                                 | 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. <b>Your spouse is guaranteed a benefit for the remainder of his/her life.</b> |
| <b>2 Joint &amp; 75% Survivor Annuity</b><br>Monthly benefit for life.              | Your designated beneficiary receives 75% of the gross amount of your retirement at the time of your passing. If your beneficiary passes before you, then your benefits end upon your passing.   |
| <b>3 Joint &amp; 75% Survivor Annuity with Pop-Up</b><br>Monthly benefit for life.  | Your designated beneficiary receives 75% of the gross amount of your retirement at the time of your passing. Should your beneficiary pass before you, your benefit will increase to the amount of the basic benefit and no survivor benefit is payable following your passing.  |
| <b>4 Joint &amp; 100% Survivor Annuity</b><br>Monthly benefit for life.             | Your designated beneficiary receives 100% of the gross amount of your retirement at the time of your passing. If your beneficiary passes before you, then your benefits end upon your passing.  |
| <b>5 Joint &amp; 100% Survivor Annuity with Pop-Up</b><br>Monthly benefit for life. | Your designated beneficiary receives 100% of the gross amount of your retirement at the time of your passing. Should your beneficiary pass before you, your benefit will increase to the amount of the basic benefit and no survivor benefit is payable following your passing. |
| <b>6 Single-Life Annuity with Designated Lump Sum</b><br>Monthly benefit for life.  | Your designated beneficiary will receive a one-time, lump-sum payment upon your passing. If your beneficiary passes away before you, then the lump sum is paid to your estate upon your passing.  |
| <b>7 Straight-Life Annuity</b><br>Monthly benefit for life.                         | No further benefits are payable following your passing.   |



# Should I Participate in **DROP**?

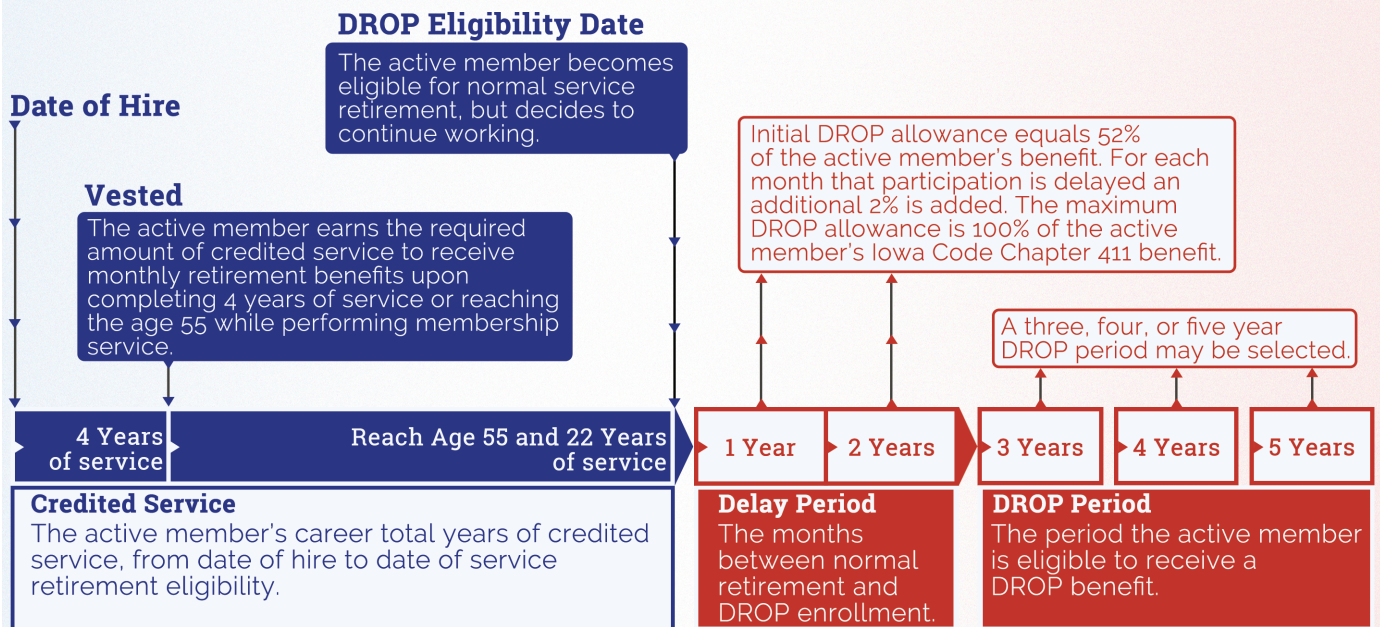
DROP, or Deferred Retirement Option Plan, offers active members the ability to defer or save additional money for retirement. When you enroll in DROP, you opt to set aside an amount determined by both a percentage and by the number of years that you delay retirement. Participating in DROP is a great way to create an additional nest egg for expenses, such as health care, after retirement. If you are working or plan to work past your earliest service retirement date, you should consider DROP.

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

- Attain age 55 and have 22 or more years of service;
- Remain a full-time employee; and,
- Complete work for the length of term you select - three years, four years, or five years. If you leave DROP before finishing your term, you will be subject to pay a penalty.

## DROP Timeline

The graphic 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.



Once you complete your DROP period and terminate employment, your accrued money can be delivered to you as a one-time lump sum or you may roll the lump sum over into another qualified retirement account. Additionally, once you have completed your DROP period and terminated employment you will begin receiving your monthly benefit as a retiree.

# Benefit Calculation Example

Christopher is set to retire soon. He has worked as a police officer in MFPRSI-covered employment for 28 years. He will be 55 years old at the time of his retirement. Using this information and wage reports provided by his employer, his benefit would be calculated in the following manner:

\*Christopher's service multiplier is 78% for 28 years of service, as indicated on the Basic Benefit Multiplier Percentages graph on page 4.

\*\*Since Christopher's sum of the three years of highest *annual* earnable compensation is used in the retirement formula, dividing by 36 (3 years multiplied by 12 months) will produce the average *monthly* benefit.

|                                   |                            |                       |
|-----------------------------------|----------------------------|-----------------------|
| <b>Average Final Compensation</b> | High 1:                    | \$53,728              |
|                                   | High 2:                    | \$55,340              |
|                                   | High 3:                    | <u>\$57,000</u>       |
|                                   | <b>High 3-Years Total:</b> | <b>\$166,068</b>      |
|                                   | <b>÷ 36 months</b>         | <b><u>\$4,613</u></b> |
| <b>Service Multiplier*</b>        | x                          | <u>78%</u>            |
| <b>Monthly Pension Benefit**</b>  |                            | <b><u>\$3,598</u></b> |

To produce an estimate of your benefit, substitute your highest three years of earnable compensation and service multiplier into the equation.

## RETIREMENT CHECKLIST



You've made it this far: You've picked a retirement date, reviewed the retirement materials on MFPRSI's website, [www.mfprsi.org](http://www.mfprsi.org), and you're ready to take the next steps. The following items describe the steps you should consider for a smooth transition into your retirement.

- Contact us three to six months prior to your retirement date.** We will provide you with an estimate of what your benefit could be as well as send you a service retirement application.
- Have your employing city complete Part D of the retirement application.**
- Have Part F notarized by a notary public.**
- Collect the following documents:**
  - Your birth certificate
  - Your spouse's birth certificate
  - Your marriage certificate
  - If your spouse was previously married, collect your spouse's prior marriage certificate and divorce decree. If your spouse's previous partner has passed away, please provide his or her death certificate.
- Submit your service retirement application and all of the materials gathered to us prior to your retirement date. We will not accept an application more than 90 days from your retirement date.**



# Two More Things to Remember:

## What is “earnable compensation?”

Your benefit from MFPRSI is based on your individual factors and guaranteed for life. Both your average of your highest three years of earnable compensation and years of service determine your benefit level.

Determining your age and years of service are easy to do, but what about “earnable compensation?”

The term “earnable compensation” is defined as the salary you earn as a police officer or a firefighter with a participating city employer. However, several types of pay are not included in determining your earnable compensation. Exclusions are listed on the right.

Your employing city provides MFPRSI with quarterly contribution reports which we use to calculate your highest three years of earnable compensation.

| Earnable Compensation                                 |  |
|---|--|
| <b>Includes:</b>                                      |  |
| + Your regular salary                                 |  |
| <b>Excludes:</b>                                      |  |
| - Overtime pay  |  |
| - Meal and travel reimbursement                       |  |
| - Uniform allowances                                  |  |
| - Severance pay                                       |  |
| - Mandatory deferred pay                              |  |
| - Lump-sum payouts for unused sick and vacation leave |  |

## What is the “annual escalator?”

Service benefits (reaching age 55 with at least 22 years of service) and disability benefits are eligible for an annual increase adjustment each July. This process is a cost of living adjustment and is called the “annual escalator,” and the calculation is detailed in the chart below. Terminated-vested members are not eligible.

| Annual Escalator Formula                           |  |   |  |
|--|--|---|--|
| 1.5% x Your Gross Monthly Benefit                  | +  | An additional flat-dollar amount based on how many years you have been retired* | = Escalated Benefit  |
| *Flat-dollar amounts are based upon the following: |  |   |  |
| \$35   | If you have been retired at least 20 years.                    | \$25  | If you have been retired at least 10 years, but fewer than 15. |
| \$30   | If you have been retired at least 15 years, but fewer than 20. | \$20  | If you have been retired at least 5 years, but fewer than 10.  |
|  |  | \$15  | If you have been retired fewer than 5 years.                   |

## Questions? *Contact us.*

pensions@mfprsi.org  
www.mfprsi.org

515.254.9200  
888.254.9200 (toll-free)  
Fax: 515.254.9300

### Office Hours

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

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

## Senior Pension Officers



Jill Hagge



Angie Conner



Kathy Fraise

## Helpful Tips

- **Request a benefit estimate.** Receiving an estimated benefit can help you plan your retirement.
- **Talk with an MFPRSI representative about your retirement benefits.** Our senior pension officers make annual trips to participating cities throughout the state. Contact us to schedule an appointment.
- **Keep your address current with MFPRSI.** Your employer will not inform MFPRSI if you move. Please keep us up to date so we can keep your file current.
- **It is very important to keep current beneficiary designations on file with MFPRSI.** We are bound by law to provide benefits to the beneficiary listed in your 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.
- **Tell your beneficiary to contact MFPRSI as soon as possible after your passing.** Your beneficiary reaching out to us as soon as possible will help us correctly process benefits. Be sure to give your beneficiary our contact information.