

MFPRSI 2021 ANNUAL REPORT

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A report for the pension trust for municipal firefighters and police officers in the State of Iowa

MFPRSI 2021 ANNUAL REPORT

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Inside Front Cover**

MISSION & VISION

MFPRSI provides a comprehensive set of retirement and disability benefits to eligible local police officers and firefighters in a sound, sustainable, and efficient manner in accordance with the requirements of the program's governing statute.

Comprehensive

Retirement and disability benefits will be adequate in order to attract and retain top quality police officers and firefighters, and provide for them and their families when they are no longer working or able to do so. Retirement and disability benefits should be competitive with comparable police and fire systems.

Efficient

The retirement system and the investment portfolio will be managed in a timely, professional, cost effective, and customer-oriented manner. Top quality management services will be obtained for a cost that is mid-range for comparable systems. The investment portfolio should provide net returns in the top quartile for similarly-sized plans. On a risk-adjusted basis, the portfolio's returns should be no less than the median for public plans.

Sound

Retirement benefits will be stable and secure and the funding policy will be based upon fiduciary principles, appropriate risk management policies, and independent governance. Funding should be based upon actuarially determined contribution rates and intergenerational equity, and a disciplined, accountable, and transparent funding policy. Investment practices should be cognizant of unexpected volatility.

Sustainable

The retirement system shall be economically and politically durable. Economically, the retirement system should sustain progress toward 100 percent funded status while maintaining employer contributions on a consistent basis at 30 percent or less of covered payroll. Significant year-to-year variability in funding requirements should be avoided for both members and cities. Once a fully-funded status is achieved, benefit or contribution changes should take into consideration necessary buffers against inevitable financial market downturns.

MFP RSI
MFP RSI

FY 2021 HIGHLIGHTS

FY 2021 HIGHLIGHTS

Membership

4,107 active members¹

4,700 inactive members¹

Investing

\$3.3 billion, market value of portfolio³

30.7% fiscal year return³

Funding

83% funded ratio*¹

*Based on the ratio of the actuarial value of assets to the actuarial accrued liability

Contributions

\$30.6 million from members²

\$82.2 million from employers²

\$0 from the State of Iowa²

Distributions

\$194.4 million in benefits paid²

\$802 thousand in refund of contributions paid²

Actuarial

\$2.9 billion in actuarial value of plan assets¹

\$600 million of unfunded actuarial accrued liability¹

\$3.5 billion of total actuarial accrued liability¹

Information provided by:

1 – SilverStone Group 2 – Eide Bailly LLP 3 – Marquette Associates

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CHAIRPERSON'S LETTER

To our Members, City Representatives, and Stakeholders,

It is my pleasure to present the Municipal Fire & Police Retirement System's annual report for fiscal year 2021, the retirement system's 29th year of operation. The report summarizes our financial status and highlights the achievements we made over the fiscal year, from July 1, 2020, to June 30, 2021.

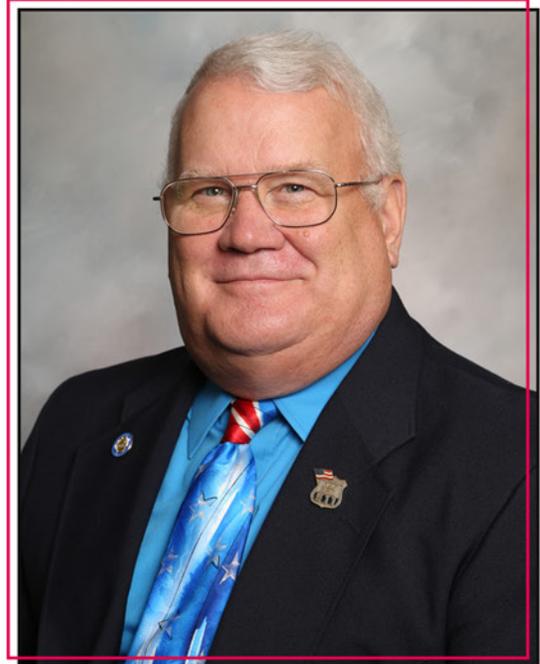
During that time, we all found ourselves in unprecedented times – navigating through the largest public health crisis of the last 100 years while also being on the front lines of many important cultural conversations in Iowa. Through it all, our active members continued to provide consistent, quality services to their municipalities.

I am extremely proud to be associated with these brave public servants and we are all so grateful for their dedication to keeping us safe.

As an organization, MFPRSI faced the challenges presented to us head on and became stronger for doing so. As board chair, I am appreciative of how the system's administrators acted swiftly and decisively when the pandemic first hit Iowa. They focused on the health and safety of both our members and staff and in so doing created a workable solution that allowed MFPRSI to maintain an uninterrupted level of service to our members and cities. No payments were missed or even delayed and every inquiry we received from members and cities was answered.

In early 2021, we reviewed and compared MFPRSI with similarly sized plans to examine our retirement system and confirm our benefits remain comprehensive and competitive. Our research validated the benefits we offer our members, the age at which a member can retire, benefit structure, and member contribution rate all were in line with comparable public safety retirement plans.

In January, our actuary completed an extensive review of our actuarial assumptions to make sure we are leading this retirement system toward achievable goals, which are to get the plan to 100 percent funded status and keep the volatility of city contributions to a minimum. I am pleased to confirm our 7.5 percent actuarial target rate remains achievable and our retirement system remains sustainable.



Marty Pottebaum
Board Chair

This year, our exceptional investment return of 30.7 percent net of fees will go a long way toward our funding goals. While this type of return is not typical, the board strongly believes we are in position to continue to meet the 7.5 percent over the long term.

Regarding efficiency, the cost to administer the retirement plan was precisely at the median of our peer group of nine retirement systems in the U.S. with similarly-sized memberships. Our one-year and 10-year net investment returns were in the top quartile for defined benefit retirement systems with investment portfolios between \$1 billion and \$5 billion. Speaking of that, I am honored to report that we crossed the \$3 billion mark in assets this year. This is a significant milestone and we are committed to continue growing that number with financially prudent decisions.

In order to maintain the integrity of the retirement system, the board conducted educational sessions with our consultants as well as attended conferences to keep current on system trends and topics. This proactive strategy helps us anticipate what may lie ahead so we can continue to make sound decisions on behalf of the system.

The trials of the fiscal year did not deter the board from executing the vision for this retirement system, which is to operate a plan that is comprehensive, efficient, sound, and sustainable. We do this for our members, the communities they help protect, and for every stakeholder in the state. A strong retirement system is good for everyone involved.

To help illustrate what a secure retirement means, we focused attention in this year's annual report on our retired members. The following pages share two stories about retired members of MFPRSI and what retirement means to them and how a financially secure retirement has helped them. We take great pride in overseeing this pension because we know how important financial security is in retirement. These stories are examples of how our members can enjoy their "next chapter" after dedicating their careers to helping their communities.

As strenuous as the fiscal year was, it positioned MFPRSI for growth and stability in the years ahead. We will continue to deliver a program that is comprehensive, efficient, sound, and sustainable.

Yours truly,

A handwritten signature in black ink, appearing to read "Marty Pottebaum". The signature is fluid and cursive, with a large initial "M".

Marty Pottebaum
Board Chair

THE VIEW FROM RETIREMENT



Lieutenant Kevin Sink

Kevin Sink, Retired Police Officer, Muscatine

The mission of MFPRSI is to be a responsible steward of the retirement plan that makes pension payments to its police officers and firefighters who have retired from public service. But what does a regular, guaranteed income actually look like for someone who is retired?

Kevin Sink served nearly 35 years in uniformed patrol with the Muscatine Police Department before retiring in June 2020. He loved policing and spent about 10 years in each rank – corporal, sergeant and lieutenant – achieving all the goals he had when he began as an officer.

“Early in my career, I remember seeing people stay on longer than they should have,” Sink said. “I didn’t want to be one of those guys. When the time came, I knew I was ready, and it was time to hand off the baton.”

Surprised and Impressed

When it came to receiving his pension, Sink wasn’t sure what his retirement income would mean for his lifestyle.

“I wish I would have asked more questions,” he said. “For a group of people who basically ask questions for a living, officers don’t seem to be very good about educating themselves on retirement income, myself included.”

Sink tried on his own to calculate what his monthly payment would be, and it turned out to be completely different than what it actually was.

“It never occurred to me that the 10% pension contribution wasn’t going to be taken out of my check anymore,” he said. “My monthly income now is right in line with what my paycheck was when I was working.”

Sink’s best advice for someone nearing retirement is to ask questions so you know what to expect. Is it time to retire? Can I afford to retire? Will I be able to maintain my lifestyle after I leave the job? Should I consider the Deferred Retirement Option Plan (DROP)?

He knows that early in their careers, officers don't give much thought to retirement, but the mandatory percentage coming out of each paycheck makes sure they are taken care of when the time comes.

"It's the saving grace for officers," Sink said. "Frankly, I've been surprised and impressed. I thought we'd have to cut back on a few things, but once I started getting my pension, I realized we wouldn't have to."

MFPRSI can assist members with any questions and with planning for retirement either through the website or by calling and working with a pension officer. Representatives also speak to departments each year about the pension plan, which meant a lot to Sink.

"When someone is willing to help you get answers to your questions, it makes you realize they actually care. A pension system that allows for that kind of interaction is huge!"

"We can just pack a bag and go!"

Sink felt some nervousness about no longer having a strict schedule.

"For 35 years, I took a shower, shaved and put on my uniform and went to work. Knowing I wouldn't have a schedule seemed appealing but there was also a part of me that was a little worried," Sink said.

What he found over time was not having to schedule his life around his job was freeing, and that if he and his wife decide to take a long weekend somewhere, there's nothing stopping them.

"We just pack a bag and go," Sink said. "I don't have to worry about staffing or getting a call Saturday saying something went wrong on a shift or getting coverage if I had to go to court. It's nice to not have those things getting in the way of your plans."

He didn't fully realize until after he retired how much his work dictated his personal life. Working the second shift for most of his career, he had to make sure he was watching the clock so he had enough time to eat lunch, clean up and get himself to work.

"You don't fully understand how much stress that puts on you until it's not there anymore," Sink said. "Since I've retired, people tell me I'm a different person now. Much easier going."

The Joy of Retirement

He knew he would miss the interaction and camaraderie with his fellow officers, but still sees them around town.



**Kevin and wife,
Angie Sink**

“If I could convince the Chief to pay me for having coffee with the officers every week, I’d do that,” Sink joked. “Retired or not, I’ll always think of myself as a cop. It’s part of my identity.”

Despite the lack of a strict schedule, Sink has managed to keep busy. He is playing more golf, honing his woodworking hobby and, because his wife thought he would be bored, he also mows grass at the local country club once a week.

“She is still working and I think may be a little annoyed by my retirement,” Sink said. “But she spent a lot of years as basically a single parent when I was working and had to miss things. Now I can do all the things I couldn’t do before.”

CELEBRATING THE STRONG BONDS OF FRIENDSHIP OVER PIZZA

John Shaver has been retired from the Des Moines Police Department for 21 years, but he hasn't given up one of the best parts of the job – hanging out with friends from the force.

Every Monday, he and other retired officers gather for lunch at a pizza restaurant on the south side of the city to reminisce, share a few laughs, and talk about what keeps them busy these days. While some of these men have known each other since eighth grade, they are all bound together by their common experiences of policing in the capital city.

“We have been getting together like this for about 10 years now,” Shaver said. “Police officers are a close-knit group and these guys, well, we’re pretty tight.”

The group consists of Shaver, Jerry Jones, retired 19 years, Richard “Dewey” Roland, retired 20 years, Mike Woolman, retired 16 years, Bob Ervin, retired 19 years, Bob Wallace, retired 21 years and Larry Smiley, retired 20 years. Most of them retired when they were 55.



Pictured (L to R): Richard “Dewey” Roland, Mike Woolman, Bob Ervin, Bob Wallace, Larry Smiley, John Shaver, Jerry Jones

Collectively they have over 200 years of experience as active duty police officers but even after they were able to retire, many of them chose to pursue new roles within the department or at other jobs. Woolman, Jones and Ervin took advantage of part-time

employment with the department that included taking reports over the phone, assisting the zoning commission, and working on the pawn shop detail.

Roland became an instructor at the police academy but also went to auctioneer's school and became a professional auctioneer for 20 years after retiring from the force – something he had always wanted to do.

Wallace taught classes at DMACC in Newton and Shaver sold RVs for a few years before deciding to spend more time on the 12 acres he owns south of town.

Smiley jumped right into his hobby of building hot rods and restoring custom cars, which he loves to drive and take to car shows.

Their histories are rich with memories of the work they did as officers and how much things have changed.

For example, the ambulance service used to be operated by Yellow Cab and each time there was an accident, dispatch would call the cab company to transport the injured to the hospital.

“They would take a couple of cab drivers off the street, send them over to the garage and they'd put on white coats, get in a limousine and come to the scene,” Ervin said.

Constant connection is also a difference.

“My son is a police officer now,” Roland said. “He has every kind of equipment you can think of right inside the car. And with GPS, they know where everyone is at all times.”

The men agreed that kind of connectivity has its advantages.

“When we were on duty, it was just the two of us in a car with one car radio,” Jones said. “You couldn't call for help or anything.”

He added that when they were called to a domestic dispute, there would almost always be another car that would drive by to check on them and make sure they were OK.

“I will drive by a house and remember there was a case there,” Woolman said. “That happens all the time. Those memories are all over the city.”

Smiley was the one officer assigned to the Des Moines airport on the morning of 9/11.

“I got a call that a plane had hit the towers in New York,” he said. “At the time, I didn't think too much of it but within an hour, there were 20 officers on site.”

Most of the group didn't think too much about their retirement as they were working but are shining examples of how well the retirement pension system works.

"I've got friends who are still working at 75 and they comment about how good my pension plan is," Jones said.

Wallace added that he knew folks who owned their own businesses and lived extravagant lifestyles. Then when they retired, they had to adjust how they lived to accommodate their new income.

"With my pension, I never had to cut back on anything," Wallace said.

Shaver echoed the sentiment.

"This system is the best," he said. "Absolutely the best. I'd encourage officers to put in as much as they can because it definitely pays off later."

Retirement has been good for this group of friends. They have embraced their passions and followed their hearts, doing what makes them happy once they retired from the force.

And they've enjoyed their shared time together as only old friends can. But they don't cut each other much slack.

"Mostly what I've noticed is that all my friends are getting old," Roland said.

"We had to give up eating donuts," Shaver said.

When Smiley relayed how he's changed his body shop into a man cave, complete with a big TV and easy chairs, Jones doesn't miss a beat.

"It's a senior citizen's center," he jokes.

Life is good when you've got friends.

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Retirement System Overview

MFPRSI was created by the Iowa General Assembly in 1990 to establish a statewide retirement system for fire and police personnel covered by the provisions of Iowa Code Chapter 411. Upon its establishment, MFPRSI consolidated 87 local fire and police retirement systems formerly administered by 49 of Iowa's largest cities. The retirement system initiated its formal operations on January 1, 1992, to administer the retirement benefits for fire and police personnel in Iowa's participating cities.

The mission of MFPRSI is to provide a comprehensive set of retirement and disability benefits to eligible local police officers and firefighters in a sound, sustainable, and efficient manner in accordance with the requirements of the program's governing statute. The programs of the retirement system include the payment of pension benefits for service retirement, ordinary disability retirement, accidental disability retirement, survivors of deceased members (e.g., spouse and dependent benefits), and the refund of contributions upon withdrawal by a terminated member.

In its effort to accomplish its goals, MFPRSI administers a contributory defined benefit plan for firefighters and police officers as established in Iowa Code Chapter 411. The benefits available through the retirement system are based on a formula using service years, the average of the highest three years of earned wages as a member, and a multiplier based on years of membership service.

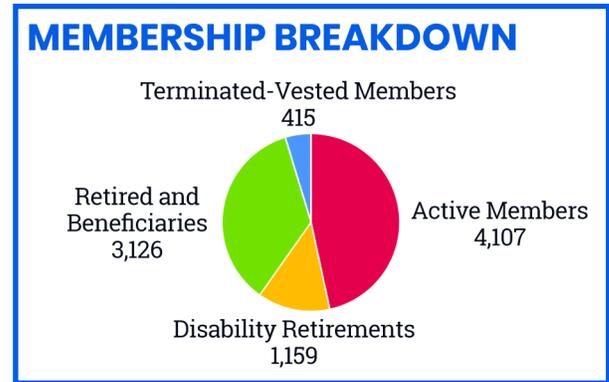
In addition to service retirement benefits, MFPRSI offers a comprehensive disability program that includes establishing standards for entrance physical examinations, guidelines for ongoing fitness and wellness, and post-disability retirement compliance requirements.

Permanent full-time firefighters and police officers in the participating cities are granted membership by Iowa Code Chapter 411. Participants are vested upon attaining four years of membership service. Vested status may also be achieved by actively earning service credit at age 55 or older.

The Board of Trustees ("Board") represents the police officer and firefighter memberships, cities, and citizens of Iowa, while the Iowa General Assembly provides the retirement system with direction and oversight. Iowa Code also includes specific authorization to administer each of the following: actuarial services, medical board, legal services, and organization and staff. The individuals comprising the administrative staff are available to assist members, city officials, and interested parties with any questions or concerns about the retirement program.

Membership

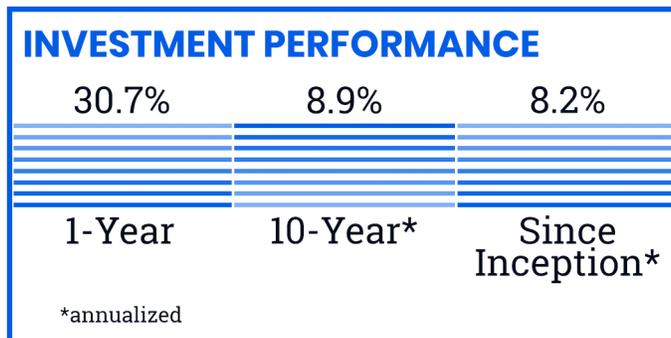
MFPRSI had 8,807 members at the end of fiscal year 2021, with 4,107 active members employed by the 49 participating cities. Of the remainder, 1,159 receive benefits due to disability, 3,126 are either retired or a beneficiary, and 415 are terminated-vested members. MFPRSI made over 52,000 accurate and timely benefit payments over the course of the fiscal year. Approximately 99 percent of those payments were made via electronic funds transfer.



During the year active and terminated-vested members received annual statements summarizing their contributions as well as two newsletters highlighting news, statistics, and announcements.

Investments

Member benefits are made available through employee contributions, employer contributions, and investment earnings. Of those three sources, the investment portfolio provides the greatest percentage of income. MFPRSI manages an investment portfolio that is well diversified with a long-term investment horizon. The portfolio is designed to capture positive investment returns in public equity, fixed income, real assets, and private markets when the markets are up while minimizing losses during negative investment periods.



The fund is monitored by a staff of investment officers at MFPRSI under the direction of the Executive Director. Additionally, MFPRSI added a Deputy Chief Investment Officer in fiscal year 2021 to assist with investment decisions. Investment recommendations are made by the Executive Director; Deputy Chief Investment Officer; Marquette Associates (“Marquette”), MFPRSI’s investment consultant; and, investment

officers. In turn, the Board uses the information provided by those parties to make final decisions on asset allocation. On an annual basis, and more frequently as necessary, the Board reviews and revises the investment policy.

MFPRSI’s investment portfolio returned 30.7 percent in fiscal year 2021. The ten-year annualized return for the period ending June 30, 2021, was 8.9 percent. The long-term target rate of return, as determined by the Board, is 7.5 percent. The target rate is adopted by the Board as the assumed rate of return the investment portfolio can return while taking an acceptable amount of risk. The investment portfolio’s annualized performance since inception in 1992 is 8.2 percent.

Accomplishments

Over the course of fiscal year 2021 (July 1, 2020 to June 30, 2021), MFPRSI engaged in a number of activities pertaining to both the retirement system's active and retired memberships as well as to the financial management of its investment assets. The projects described below were intended to enhance the services provided to the membership and cities, or to augment the investment portfolio.

Administration

The Board submitted its Financial Evaluation Report to the Iowa General Assembly. This report is sent to the legislature once every two years and provides a high-level overview of the retirement system and its components.

The administration and trustees reviewed the retirement system's Strategic Plan which is a review of the system's comprehensiveness, efficiency, soundness, and sustainability. The goal of the Strategic Plan is to compare measurable factors between MFPRSI with other similarly sized plans in the U.S.

- Included in the review are benefit structure, administrative costs, net investment returns, investment return standard deviation, and analysis of actuarial methods employed by the retirement system. The retirement system was found to be in-line with its peers on all these measurable data points.
- Additionally, the Board requested the administration conduct satisfaction surveys of both the members and contacts at the participating cities. The surveys will be conducted in late 2021.

Terry Slattery, Executive Director, retired December 31, 2020. Dan Cassady was promoted to the Executive Director position effective January 1, 2021.

- BriAnna Nystrom was promoted to Assistant Director / Chief Operating Officer
- Carlton Chin was hired to assume the role of Deputy Chief Investment Officer.

The administration continued to utilize its safety and precaution plan regarding the Covid-19 pandemic. The plan included a variety of measures, including remote working, closing the office to external visitors, and temporarily ending in-person outreach counseling in favor of phone and video conferencing. The administration maintained normal hours of operations and provided uninterrupted service to its members throughout the pandemic.

- In-person counseling resumed in MFPRSI's offices in late-spring 2021.

MFPRSI hired a new vendor, IP Pathways, LLC, to serve as its Information Technology Managed Services provider. A three-year contractual agreement was made.

Brown Winick, the retirement system's legal counsel, and administration provided education on the retirement system's disability benefits program. The analysis included a review of the overall disability process, how pre-existing medical conditions are considered, how mental injury factors are taken into account, and an overview of the decision making process that can occur in disability benefit cases.

Online account access, titled, My411, was partially rolled out to active members. As of this writing, creating access to My411 for retired members is still in progress. The administration continued to work with its software vendor to assure safe and secure access for its membership.

The Board analyzed its relationship with its communications consultant, Wixted & Co., and retained the firm for three additional years.

The Board also renewed its service provider agreement with Brown Winick for an additional three years.

Additionally, the Board renewed its service provider agreement with Marquette Associates, its investment consultant. The agreement with Marquette was renewed for three years.

Proposed changes to the retirement system's Administrative Rules were issued for public comment by the Board.

Financial and Investments

The Board committed \$30 million to Bain Capital Credit Global Direct Lending 2020 fund, a global strategy that focuses on direct lending opportunities across the capital structure to companies with EBITDA ranging from \$10 million to \$150 million.

A \$30 million investment was made to the Small Buyout Co-Investment strategy within the Siguler Guff Hawkeye Opportunities Fund, already in place within the overall investment portfolio.

The Board authorized the administration to establish up to five additional FDIC-insured accounts to maintain a one percent long-term assumption for the Deferred Retirement Option Plan given the low interest rate environment experienced in the fiscal year.

An investment of \$35 million was approved to Industry Ventures Partnership Holdings VI, LP, a private markets venture consisting of primary commitments, direct co-investments, and secondary opportunities.

Marquette lead an education session with the Board that covered the concepts of active and passive investment management styles during times of both inefficient and efficient investment markets.

As part of an annual review of its overall governance of the investment portfolio, the Board adopted the investment policy for the fiscal year.

Top Tier Venture Velocity Fund IV was awarded a \$30 million investment. The fund focuses on direct mid-to-late-stage venture capital and includes co-investment and secondary investment opportunities.

Benefit Plan

The Board approved the city contribution rate at 26.18 percent, effective July 1, 2021.

The Board requested that the retirement system's actuary conduct a study proposed by the Iowa Professional Fire Fighters (IPFF) to review the cost of moving DROP to 100% of the members DROP benefits at age 55. The cost of the study was funded by IPFF and the Iowa State Police Association (ISPA).

The retirement system's actuary provided its 10-year experience analysis. The study included data used for actuarial evaluations as of July 1 annually for the years 2010 through 2020. The purpose of this study was to compare the actual experience of the retirement system with the current actuarial assumptions used in the annual actuarial valuation, to make any observations and suggest to the Board to evaluate alternative assumptions based on the historical actual experience, and to take into account consideration of expected future experience. The assumptions were reviewed for reasonableness and the Board did not make any recommendations for changes.

Board Re-Elections

The Board reappointed Marty Pottebaum as chairperson and Mary Bilden as vice chairperson, each for another two-year term.

Laura Schaefer, city representative from Carroll, IA, was reappointed to the Board with a four-year term.

David McFarland, police officer from the City of Waterloo, was voted by the Iowa State Police Association (ISPA) Board of Directors to serve as the active police officer trustee. McFarland replaced Eric Hartman on the retirement system's Board.

Board of Trustees as of June 30, 2021

The activities of MFPRSI are under the direction of its Board which has nine voting members and four non-voting, legislative representatives. The voting coalition of the Board is comprised of four representatives of the active and retired fire and police memberships, four representatives of the cities, and one private citizen. Individuals are appointed to four-year terms by the fire and police associations and by the Iowa League of Cities. The eight voting members select a private citizen to serve as the ninth voting member. Non-voting members are chosen by the leadership of the Iowa Senate and Iowa House of Representatives and serve two-year terms.

VOTING MEMBERS



**Marty
Pottebaum**

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**

City
Representative
Ames



**Laura
Schaefer**

City
Representative
Carroll



**Nickolas
Schaul**

City
Representative
Des Moines



**Michelle
Weidner**

City
Representative
Waterloo

NON-VOTING MEMBERS



**Jackie
Smith**

Senator
Senate District 7



**Roby
Smith**

Senator
Senate District 47



**Eric
Gjerde**

Representative
House District 67



**Bobby
Kaufmann**

Representative
House District 73

Staff

The day-to-day management of MFPRSI is delegated to an Executive Director who is appointed by the Board and serves at its discretion. The Executive Director, Assistant Director/Chief Operating Officer, Deputy Chief Investment Officer, and administrative staff are responsible for the administration of the retirement system.

Staff Responsibilities

The Executive Director, Assistant Director/Chief Operating Officer, and Deputy Chief Investment Officer act as advisors to the Board on all issues relevant to MFPRSI, establish contracts for professional services, and employ the remaining staff needed to maintain the retirement system.

The Senior Pension Officers administer payrolls, and establish and maintain the membership records of the retirement system. Additionally, they communicate with members regarding benefit and membership status.

The Accountant/Investment Officers perform accounting, auditing, and control functions of the retirement system. They also provide analysis for the investment portfolio. The Investment/Communications Officer creates visual/print materials and provides analysis for the investment portfolio.

STAFF				
				
Dan Cassidy	BriAnna Nystrom	Carlton Chin	James Bybee	Angie Conner
Executive Director	Assistant Director/ Chief Operating Officer	Deputy Chief Investment Officer	Accountant/ Investment Officer	Senior Pension Officer
				
Kathy Fraise	Jill Hagge	Cody Jans	Blake Jeffrey	
Senior Pension Officer	Senior Pension Officer	Investment/ Communications Officer	Accountant/ Investment Officer	

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STATEMENTS

**Independent Auditor's Report
Management's Discussion
and Analysis**

**Statement of Net Fiduciary Position
as of June 30, 2021 and 2020**

**Statement of Changes in Fiduciary
Net Position for the Years Ended
June 30, 2021 and 2020**

**Notes to the Financial Statements
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Independent Auditor's Report



Report on the Financial Statements

We have audited the accompanying financial statements of the Municipal Fire and Police Retirement System of Iowa (MFPRSI), which comprise the statements of fiduciary net position as of June 30, 2021 and 2020, and the related statements of changes in fiduciary net position, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective statements of fiduciary net position of the Municipal Fire and Police Retirement System of Iowa, as of June 30, 2021 and 2020, and the respective changes in fiduciary net position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 2 and 4 to the financial statements, total MFPRSI investments include investments valued at \$1.1189 billion (33.4% of total assets) as of June 30, 2021, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 28-33 and 55-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 11, 2021, on our consideration of MFPRSI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MFPRSI's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering MFPRSI's internal control over financial reporting and compliance.

Management's Discussion and Analysis

The following discussion and analysis of the Municipal Fire and Police Retirement System of Iowa's (MFPRSI or retirement system) financial performance provides an overview of the retirement system's financial activities for the fiscal years ended June 30, 2021 and 2020. Please read in conjunction with the basic financial statements, which follow this discussion. These statements represent the current condition from an accounting perspective, but do not reflect MFPRSI's actuarial status. Refer to MFPRSI's actuarial valuation for its funding status regarding long-term benefit obligations.

Financial Highlights

- Retirement system assets exceeded its financial liabilities at the close of the fiscal years 2021 and 2020 by \$3,293,610,268 and \$2,592,748,429 (reported as plan net position restricted for pension benefits), respectively. Net position restricted for pension benefits is held in trust to meet future benefit payments.
- Additions for the year ended June 30, 2021, were \$898,199,048, which is comprised of contributions of \$112,833,332, net investment income of \$785,156,295, and other income of \$209,421. Additions for the year ended June 30, 2020, were \$167,611,458, which is comprised of contributions of \$107,360,296, net investment income of \$60,250,246, and other income of \$916.
- Benefit payments were \$194,400,282 and \$184,646,312 for the years ended June 30, 2021, and 2020, respectively, a 5.3% increase from year to year.

The Statement of Fiduciary Net Position and the Statement Of Changes in Fiduciary Net Position

This annual financial report consists of two financial statements, the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These financial statements report information about the financial condition of the retirement system, as a whole, and should help answer the question: Is MFPRSI, as a whole, better off or worse off as a result of this fiscal year's experience? These financial statements include all assets and liabilities using the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Fiduciary Net Position presents all of MFPRSI's assets and liabilities, with the difference between assets and liabilities reported as plan net position restricted for pension benefits. Over time, increases and decreases in plan net position restricted for pension benefits is one method of measuring whether the retirement system's financial position is improving or deteriorating. The Statement of Changes in Fiduciary Net Position presents the changes in plan net assets during the respective fiscal year.

Financial Analysis

MFPRSI's assets as of June 30, 2021, and 2020 were approximately \$3.35 billion and \$2.63 billion, respectively, and were primarily comprised of investments, cash, receivables from brokers, and contributions due from employers. The \$722,665,722, or 27.5%, increase in assets from June 30, 2020 to June 30, 2021, was primarily due to the unrealized gains experienced in invested assets and contributions.

As discussed in Notes 2 and 4 to the financial statements, total retirement system investments include investments valued at \$1,118.9 million (33.4% of total assets) and \$855.0 million (32.5% of total assets) as of June 30, 2021 and 2020, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners.

Total liabilities as of June 30, 2021 and 2020 were \$56,914,410 and \$34,997,842, respectively, and were primarily comprised of obligations under benefits and refunds payable, as well as payable to brokers for unsettled trades. The \$21,916,568, or 62.6%, increase in liabilities from June 30, 2020, to June 30, 2021, was due to an increase in payables to brokers for unsettled trades and benefits payable.

During the year ended June 30, 2021, plan net position restricted for pension benefits increased \$700,861,839, or 27.0%, from the previous fiscal year, primarily due to the unrealized gains experienced in invested assets and contributions. This is in comparison to the previous fiscal year, when net position decreased by \$20,376,820, or 0.8%, from the prior year.

Condensed Statement of Fiduciary Net Position (In Thousands of \$)

	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Assets:					
Cash	\$7,957	\$17,274	-53.9%	\$280	6,069.3%
Investments	3,313,612	2,584,510	28.2%	2,626,183	-1.6%
Receivables	28,697	25,848	11.0%	6,901	274.6%
Other assets	104	72	44.4%	114	-36.8%
Total assets	<u>\$3,350,370</u>	<u>\$2,627,704</u>	<u>27.5%</u>	<u>\$2,633,478</u>	<u>-0.2%</u>
Pension related deferred outflows	<u>191</u>	<u>172</u>	<u>11.0%</u>	<u>198</u>	<u>-13.1%</u>
Liabilities:					
Benefits and refunds payable	16,675	17,407	-4.2%	15,609	11.5%
Investment management expenses payable	2,560	2,143	19.5%	2,025	5.8%
Administrative expenses payable	354	441	-19.7%	419	5.3%
Net pension liability attributed to IPERS	840	699	20.2%	751	-6.9%
Payable to brokers for unsettled trades	<u>36,485</u>	<u>14,308</u>	<u>155.0%</u>	<u>1,674</u>	<u>754.7%</u>
Total liabilities	<u>\$56,914</u>	<u>\$34,998</u>	<u>62.6%</u>	<u>\$20,478</u>	<u>70.9%</u>
Pension related deferred inflows	<u>37</u>	<u>130</u>	<u>-71.5%</u>	<u>73</u>	<u>78.1%</u>
Net position restricted for pension benefits	<u><u>\$3,293,610</u></u>	<u><u>\$2,592,748</u></u>	<u><u>27.0%</u></u>	<u><u>\$2,613,125</u></u>	<u><u>-0.8%</u></u>

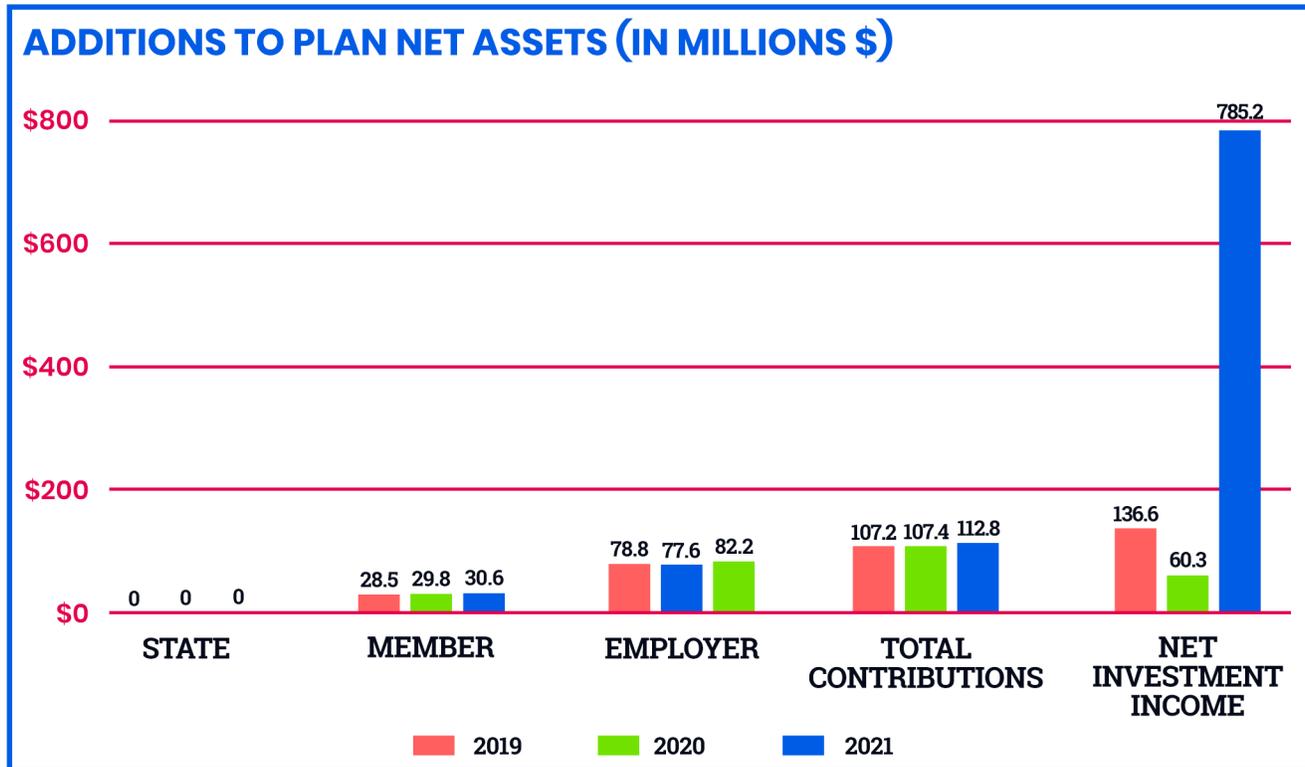
Condensed Statement of Changes in Fiduciary Net Position (In Thousands of \$)

	2021	2020	2021/2020 % Change	2019	2020/2019 % Change
Additions:					
Contributions	\$112,833	\$107,360	5.1%	\$107,239	0.1%
Net investment income	785,156	60,250	1,203.2%	136,635	-55.9%
Other income	210	1	20,900.0%	87	-98.9%
Total additions	<u>898,199</u>	<u>167,611</u>	<u>435.9%</u>	<u>243,961</u>	<u>-31.3%</u>
Deductions:					
Benefits and refund payments	195,202	185,942	5.0%	178,458	4.2%
Administrative expenses	2,135	2,046	4.3%	2,006	2.0%
Total deductions	<u>197,337</u>	<u>187,988</u>	<u>5.0%</u>	<u>180,464</u>	<u>4.2%</u>
Net increase/ decrease	700,862	-20,377	3,539.5%	63,497	-132.1%
Plan Net Position Restricted for Pension Benefits:					
Beginning of year	<u>2,592,748</u>	<u>2,613,125</u>	<u>-0.8%</u>	<u>2,549,628</u>	<u>2.5%</u>
End of year	<u>\$3,293,610</u>	<u>\$2,592,748</u>	<u>27.0%</u>	<u>\$2,613,125</u>	<u>-0.8%</u>

Revenues – Additions to Fiduciary Net Position

Reserves needed to finance retirement benefits are accumulated through the collection of contributions and earnings on investments. Contributions and net investment income for the fiscal year 2021 totaled \$898,199,048.

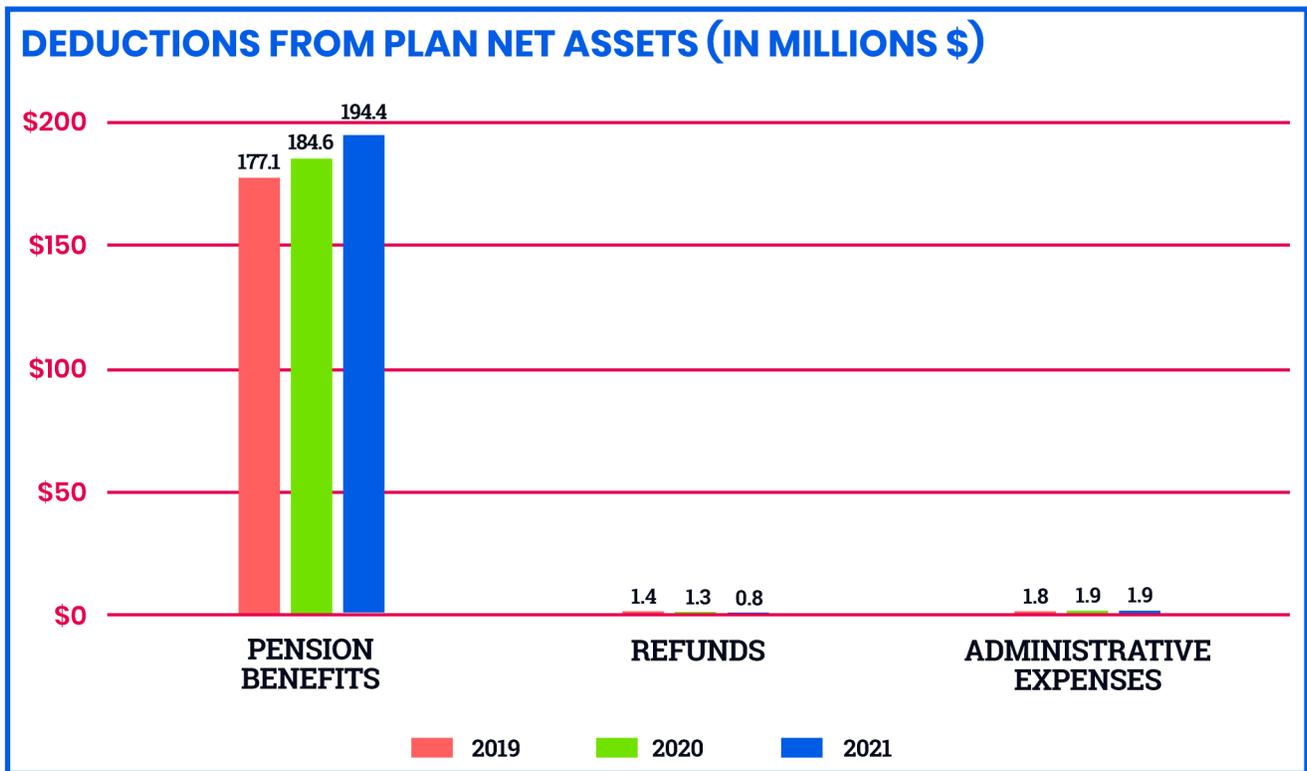
Contributions increased from the previous year by \$5,473,036. This increase is primarily due to an increase in the earnable compensation of members and an increase in the employer contribution rate. Net investment income increased from the previous year by \$724,906,049. This change is primarily due to a net appreciation in the fair value of assets.



Expenses – Deductions from Fiduciary Net Position

MFPRSI's principal expenses include the payment of pension benefits to retired members and beneficiaries, refund of contributions to former members, and the cost of administering the retirement system. Total deductions for the fiscal year 2021 were \$197,337,209, an increase of 5.0% over fiscal year 2020 deductions.

Pension benefit payments increased by \$9,753,970, or 5.3%, from the previous year. Refund of contributions decreased by \$493,840, or 38.1%. These changes are primarily due to the annual escalator applied to benefit payments and a decrease in number of applications for refunds in 2021.



The Retirement System as a Whole

It is important to note the financial obligations established by the Iowa legislature in Iowa Code Chapter 411 are committed benefits, which are to be funded through the contributions made by the employers and the membership, in concert with the long-term return on investments. The “public policy” within Iowa has always been to meet the benefit commitments of the pension plans. The history of the plan benefits under Chapter 411 traces to 1934. The funding methods established by the legislature in the Iowa Code, whereby contributions are made from the individual employers and members, coupled with the “prudent person” concept for investment policy, provides the financial foundation for this public policy.

Contacting MFPRSI

This financial report is designed to provide MFPRSI’s Board of Trustees, membership, and cities a general overview of the retirement system’s finances and to demonstrate accountability for assets. Questions and additional financial information can be found by contacting MFPRSI’s office in writing at 7155 Lake Drive, Suite 201, West Des Moines, IA 50266.

Statement of Fiduciary Net Position as of June 30, 2021 and 2020

Assets:	2021	2020
Cash	\$7,957,216	\$17,273,543
Investments, at fair value:		
U.S. government obligations	153,263,070	132,118,993
U.S. corporate fixed income	124,838,512	140,316,010
U.S. equity securities	551,922,246	381,502,090
Foreign equity securities	487,932,767	371,491,471
Commingled fixed income	50,683,978	57,068,930
Multi-strategy commingled fund	55,782,571	44,605,551
Short-term investments and currency positions	38,415,914	35,944,906
Real estate	291,872,892	286,294,556
Private equity	750,183,992	524,098,871
Private credit	21,000,000	-
Fund of funds commingled investment	787,715,979	611,068,918
Total investments - at fair value	<u>3,313,611,921</u>	<u>2,584,510,296</u>
Receivables:		
Contributions	3,784,340	3,873,111
Investment income	27,746	38,250
Receivable from brokers for unsettled trades, net	24,885,189	21,936,433
Total receivables	<u>28,697,275</u>	<u>25,847,794</u>
Other assets	103,742	72,799
Total assets	<u>3,350,370,154</u>	<u>2,627,704,432</u>
Pension related deferred outflows	<u>191,539</u>	<u>171,882</u>
Liabilities:		
Benefits & refunds payable	16,674,935	17,407,415
Investment management expenses payable	2,559,884	2,142,527
Administrative expenses payable	354,716	441,367
Net pension liability attributed to IPERS	839,724	699,044
Payable to brokers for unsettled trades, net	36,485,151	14,307,489
Total liabilities	<u>56,914,410</u>	<u>34,997,842</u>
Pension related deferred inflows	<u>37,015</u>	<u>130,043</u>
Plan net position restricted for pension benefits	<u>\$3,293,610,268</u>	<u>\$2,592,748,429</u>

See notes to financial statements.

Statement of Changes in Fiduciary Net Position for the Years Ended June 30, 2021 and 2020

Additions:	2021	2020
Contributions:		
Member	\$30,587,481	\$29,808,835
Employer	82,245,851	77,551,461
State appropriations	-	-
Total contributions	<u>112,833,332</u>	<u>107,360,296</u>
Investment income:		
Interest	8,321,735	8,171,698
Dividends	15,707,876	19,463,182
Net appreciation in fair value of investments	<u>791,585,262</u>	<u>44,110,075</u>
Net investment income from investment activity	<u>815,614,873</u>	<u>71,744,955</u>
Less investment expenses:		
Management fees and other	<u>30,458,578</u>	<u>11,494,709</u>
Net investment income	<u>785,156,295</u>	<u>60,250,246</u>
Other income:	<u>209,421</u>	<u>916</u>
Total additions	<u>898,199,048</u>	<u>167,611,458</u>
Deductions:		
Benefit payments	194,400,282	184,646,312
Refund payments	801,961	1,295,801
Administrative expenses	1,899,280	1,890,764
Disability expenses	<u>235,686</u>	<u>155,401</u>
Total deductions	<u>197,337,209</u>	<u>187,988,278</u>
Net (decrease) increase	700,861,839	(20,376,820)
Plan net position restricted for pension benefits:		
Net position - Beginning	<u>2,592,748,429</u>	<u>2,613,125,249</u>
Net position - Ending	<u><u>\$3,293,610,268</u></u>	<u><u>\$2,592,748,429</u></u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. PLAN DESCRIPTION

General

MFPRSI was created under Chapter 411.35 of the Code of Iowa to replace 87 separate fire and police retirement systems from 49 cities and one county in Iowa (a collection of “separate systems”). Effective January 1, 1992, the separate systems were terminated, and the respective entities were required to transfer assets to MFPRSI equal to their respective accrued liabilities (as measured by MFPRSI’s actuary). Upon transfer of the assets, MFPRSI assumed all membership, benefits rights, and financial obligations of the separate systems.

MFPRSI is the administrator of a multi-employer, cost sharing, defined-benefit pension plan for the exclusive benefit of eligible employees of participating cities (substantially all full-time employees of the respective cities’ fire and police departments). It is governed by a nine-member Board of Trustees (Board) who are appointed by police and fire associations and by the Iowa League of Cities. The eight voting members select a private citizen to serve as the ninth voting member. The Board is authorized by the state legislature to make investments, pay benefits, set contributions rates, hire staff and consultants, and perform all necessary functions to carry out the provisions of the Code of Iowa. MFPRSI is separate and apart from state government and is not included in the state’s financial statements.

At June 30, 2021, MFPRSI was comprised of 49 cities covering 4,107 active members; 415 terminated members entitled to benefits; and 4,285 retired firefighters, police officers, bailiffs, and eligible beneficiaries across Iowa.

Funding

Member – Member contribution rates are set by state statute. In accordance with Iowa Code Chapter 411 as modified by act of the 1994 General Assembly, to establish compliance with the Federal Older Workers Benefit Protections Act, the contribution rate was 9.40% of earnable compensation for the years ended June 30, 2021, and 2020.

Employer – Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by one percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer’s contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.31% and 24.41% for the years ended June 30, 2021 and 2020, respectively.

State Appropriations – State appropriations are approved by the state legislature and may further reduce the employer’s contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67). There were no State appropriations for the years ended June 30, 2021 and 2020.

Benefits Provided

Participating members are entitled to the benefit provisions in effect on the member’s date of termination. The following is a summary of MFPRSI’s benefit provisions for the years ended June 30, 2021 and 2020:

Retirement – Members with four or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with four to 22 years of service based on the ratio of years completed to years required (22 years). Members with less than four years of service are entitled to a refund of their contribution only, with interest for the period of employment.

Benefits are calculated based upon the member’s highest three years of compensation. The average of these three years becomes the member’s average final compensation. The base benefit is 66 percent of the member’s average final compensation. Additional benefits are available to members who perform more than 22 years of service (two percent for each additional year of service, up to a maximum of eight years). Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Disability and Death – Disability coverage is broken down into two types, accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member’s average final compensation or the member’s service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member’s average final compensation, for those with five or more years of service, or the member’s service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than five years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year’s earnable compensation of the member or equal to the amount of the member’s total contributions plus interest.

Benefits are increased (“escalated”) annually in accordance with Iowa Code Chapter 411.6 which states a standard formula for the increases.

Traumatic Personal Injury – The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Deferred Retirement Option Program (DROP) – Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue working. A member can elect a three-, four-, or five-year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member’s retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member’s retirement benefit at the member’s earliest date eligible and 100% if the member delays enrollment for 24 months. At the member’s actual date of retirement, the member’s DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan. The balance of the amounts held by the retirement system pursuant to the DROP is \$16,525,000 as of June 30, 2021, and \$15,901,000 as of June 30, 2020.

Net Pension Liability of the Retirement System – The components of MFPRS’s net pension liability at June 30, 2021, and 2020 were as follows:

	2021	2020
Total pension liability	\$3,518,184,403	\$3,390,348,728
Plan fiduciary net position	(3,293,610,268)	(2,592,748,429)
Retirement system’s net pension liability	<u>\$224,574,135</u>	<u>\$797,600,299</u>
Plan fiduciary net position as a percentage of the total pension liability	93.62%	76.47%

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2021 and 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.75% to 15.11% including inflation
Investment rate of return	7.5%, net of investment expense

Mortality rates as of June 30, 2021 and 2020 were based on RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years, and disabled set-forward three years (male only rates) with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The actuarial assumptions used in the June 30, 2021 and 2020 valuations were based on the results of an actuarial experience study for the period of July 1, 2007, to June 30, 2017.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2018, (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.4%
Small cap	8.1%
International large cap	7.2%
Emerging markets	7.9%
Global infrastructure	7.5%
Private non-core real estate	11.5%
Private credit	6.4%
Private equity	10.8%
Core plus fixed income	4.0%
Private core real estate	7.2%

Discount rate – The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that city employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents MFPRSI's net pension liability calculated using the discount rate of 7.5 percent, as well as what the retirement system's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
MFPRSI's net pension liability	\$664,561,947	\$224,574,135	-\$140,590,325

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

MFPRSI prepared its financial statements using the accrual basis of accounting. It recognizes member and employer contributions as revenues in the month member earnings are paid. Benefits and refunds are recognized as expenses when payable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. MFPRSI's estimates are primarily related to the valuation of various investment instruments, including real estate, private equity, and the multi-strategy commingled fund, as well as the total pension liability. Actual results could differ from those estimates.

Investments

MFPRSI's securities are reported at fair value. Where appropriate, the fair value includes estimated disposition costs. Certificates of deposit are recorded at amortized cost which approximates fair value. Interest income is recognized when earned. Dividend income is recognized on the ex-dividend date. Gains or losses on stocks and bonds are recognized on an average cost basis calculated separately for each investment manager. Other gains and losses are recognized on an identified cost basis. Gains and losses on sales and exchanges are recognized on the trade date. The fair values of marketable securities held at June 30 are determined by using the closing price listed on national securities exchanges and quoted market prices are provided by independent pricing services. For commingled funds, the net asset value is determined and certified by the commingled fund manager. Investments in real estate, private equities, and the multi-strategy commingled fund which invest in both publicly and privately owned securities are valued based on estimates and assumptions of general partners, partnership valuation committees, or third party appraisal firms in the absence of readily determined market values. Such valuations generally reflect cash flows, discounts for illiquidity and consider variables such as financial performance of investments, recent sales prices of investments, and other pertinent information.

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation
Core investments	43%
Strategic investments	35%
Private markets	22%
Total	<u>100%</u>

Rate of Return

For the years ended June 30, 2021, and 2020, the annual money-weighted rate of return on pension plan investments net of pension plan investment expense was 29.90% and 2.35%, respectively. The money-weighted rate of return, calculated arithmetically, expresses investment performance net of investment expense adjusted for the changing amounts actually invested.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of fiduciary net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense/expenditure) until then. MFPRSI has only one item related to pensions which qualifies for reporting in this category. See note 6 for additional details.

In addition to liabilities, the statement of fiduciary net position will sometimes report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods, so will not be recognized as an inflow of resources (revenue) until that time. MFPRSI has only one item related to pensions which qualifies for reporting in this category. See note 6 for additional details.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to / deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

3. CASH

For cash deposits, custodial credit risk is the risk that in the event of a bank failure, MFPRSI's deposits may not be returned. The table below presents a summary of cash balances of the retirement system at June 30, 2021 and 2020:

	2021	2020
Insured	\$250,000	\$250,000
Uninsured and uncollateralized	<u>8,604,424</u>	<u>17,988,309</u>
Bank balance - June 30	\$8,854,424	\$18,238,309
Less:		
Pending bank transactions	<u>897,208</u>	<u>964,766</u>
Cash - Statement of Fiduciary Net Position	<u><u>\$7,957,216</u></u>	<u><u>\$17,273,543</u></u>

4. INVESTMENTS

Investment Policy

The investment authority, as prescribed by the Code of Iowa, is governed by the "prudent person rule." This rule requires that an investment be made with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an entity of a like character with like aims. Within the prudent person framework the Board has adopted investment guidelines for the retirement system's investment program.

Due to state statute, MFPRSI is prohibited from holding direct investments in the Sudan, Iran, and companies that boycott Israel.

The following investment vehicles are permitted by MFPRSI's investment policy and may be considered for the retirement system's funds:

Stocks and Bonds (Domestic, International & Emerging Markets):

- Securities issued by and the obligations of or guaranteed by the United States of America or U.S. government sponsored enterprises or by the Dominion of Canada or any province thereof, financial futures and options;
- Bonds issued by the State of Iowa or its political subdivisions;
- Common stock, American depository receipts, corporate bonds or other evidences

of indebtedness issued under the laws of the Dominion of Canada or any province thereof;

- Common stock, bonds or other evidences of indebtedness issued under the laws of selected foreign countries or their political subdivisions;
- Debt instruments issued by multinational organizations, on behalf of selected nations or groups of nations, such as Brady bonds, whether in U.S. dollars or foreign currencies;
- Mutual funds, commingled funds, or private equity which are, comprised of stocks, equity and or debt instruments, including those which hold positions in emerging markets, whether in U.S. dollars or foreign currencies;
- Derivative instruments, such as futures and options, can be utilized as an alternative to a stock or bond position, as specified.

Other Asset Classes

MFPRSI's currency positions include the currency of a group of selected nations, which have well established and stable economic and political structures. Currency positions are only taken in countries or in multinational currencies (for example, euros) in which MFPRSI has determined to invest its assets. MFPRSI's currency assets are represented within the individual portfolios of the investment managers, which have mandates, and may include international bonds or stocks. The benchmark against which these managers compare their portfolios includes a zero percent hedged position to the U.S. dollar for the international portions of the mandate.

Derivative Instruments

Derivative instruments, such as futures and options, may be utilized in selected portfolios for the following purposes:

1. As an alternative to maintaining a selected asset position,
2. To maintain the duration of securities in a portfolio,
3. To gain exposure in a time of dollar strength to a foreign bond market with minimal exposure to the currency of the country,
4. To hedge or otherwise protect existing or anticipated portfolio positions,
5. To establish and maintain the currency positions for the currency overlay portfolio and for the individual currency activities of the individual portfolios, and
6. Not to speculate or leverage (i.e., "gear-up") the portfolio.

Derivative instruments are generally defined as contracts whose value depends on (“derives” from) the value of an underlying asset, reference rate, or index. Derivative instruments include both of the following:

- a. “Over the counter” (OTC) derivatives: privately negotiated contracts provided directly by dealers to end-users. This includes swaps, futures and options based upon interest rates, currencies, equities, and commodities;
- and,
- b. Standardized contracts sold on exchanges: futures and options.

Real Estate

The real estate positions of the retirement system may include domestic or international real estate investments in individual properties or groups of properties, through one or more of the following: direct purchase or mortgage of individual properties, participation in a commingled fund (open-ended or closed-ended) or in a trust or a partnership, which has positions in one or more properties.

MFPRSI’s real estate positions may include investment in securitized real estate via publicly-traded or privately-held real estate investment trusts (REITs).

Fund of Funds Commingled Investments

As of June 30, 2021 and 2020, MFPRSI was invested in fund of funds commingled investments, which can be broken down into the following asset classes:

	2021	2020
Investments – At fair value:		
U.S. equity securities	\$328,758,277	\$250,253,257
Foreign equity securities	221,629,822	159,750,893
Fixed income	138,689,606	179,844,141
Alternative investments	21,612,398	17,264,041
Short-term investments and currency positions	<u>77,025,876</u>	<u>3,956,586</u>
 Total fund of funds commingled investments	 <u><u>\$787,715,979</u></u>	 <u><u>\$611,068,918</u></u>

Investment Risk Disclosure: Credit Risk

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations as of June 30, 2021 and 2020 are as follows:

2021		
Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$3,128,106	0.95%
AA	169,793,047	51.64%
A	49,795,137	15.15%
BBB	71,313,289	21.69%
BB	34,546,891	10.51%
B	209,090	0.06%
Total fixed income securities	<u>\$328,785,560</u>	<u>100%</u>

2020		
Quality Rating	Fair Value	Percentage of Portfolio
AAA	\$3,595,389	1.09%
AA	176,465,999	53.56%
A	41,507,848	12.60%
BBB	72,079,868	21.88%
BB	35,722,989	10.84%
B	131,840	0.04%
Total fixed income securities	<u>\$329,503,933</u>	<u>100%</u>

MFPRSI does not have a formal policy that limits the quality grade in which it may invest.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MFPRSI will not be able to recover the value or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the retirement system, and are held by either the counterparty or the counterparty's trust department or agent but not in MFPRSI's name.

Iowa Code 411.7 establishes the secretary of the Board as the custodian of the fund and provides for MFPRSI to select master custodian banks to provide custody of its assets. MFPRSI has arranged for Wells Fargo Bank to act as the master custodian bank. The

master custodian bank may hold MFPRSI's property in the name of its nominee, bearer form, or in book entry form so long as the custodian's records clearly indicate that such property is held as part of the retirement system's account.

Concentration of Credit Risk

MFPRSI is guided by statute and policy in the selection of security investments. No investments in any one organization represent five percent or more of plan assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The following table discloses the fair value and average duration of fixed income investments as of June 30, 2021.

	Fair Value	Duration
Investment type:		
Short-term	\$21,881,209	0.0082
Fixed income	278,101,583	6.8800
Commingled	50,683,978	5.6730
Total fair value	\$350,666,770	
Portfolio modified duration		6.2768

Duration is a measure of interest rate risk. The greater the duration of a bond, or portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is the measure of a bond price's sensitivity to a 100-basis point (or, one percent) change in interest rates. A duration of eight would mean that, given a 100-basis point change up/down in rates, a bond's price would move up/down by 8%.

Commitments

MFPRSI is committed, as of June 30, 2021, to invest approximately \$530,000,000 in certain private equity, private credit, real estate partnerships, real estate commingled funds, and infrastructure funds.

Fair Value Measurements

MFPRSI categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. MFPRSI's assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

Investments Measured at Fair Value on a Recurring Basis

Investments by fair value level:	Balance at June 30, 2021	Fair Value Measurement Using*		
		Level 1*	Level 2*	Level 3*
Debt securities:				
U.S. Treasury securities	\$48,004,612	\$48,004,612	\$-	\$-
Mortgage-related securities	99,890,106	-	99,890,106	-
Government-related securities	5,368,352	-	5,368,352	-
Corporate securities	124,838,512	-	124,838,512	-
Total debt securities	<u>278,101,582</u>	<u>48,004,612</u>	<u>230,096,970</u>	<u>-</u>
Equity securities:				
Preferred stock	2,431,346	2,431,346	-	-
Total equity securities	<u>2,431,346</u>	<u>2,431,346</u>	<u>-</u>	<u>-</u>
Total investments by fair value level	280,532,928	<u>\$50,435,958</u>	<u>\$230,096,970</u>	<u>\$-</u>
Investments measured at the NAV:				
Domestic equity funds	539,546,736			
International equity funds	481,839,707			
Global equity funds	16,037,224			
Global bond funds	50,683,978			
Private credit funds	21,000,000			
Real estate funds	286,452,623			
Private equity funds	750,183,992			
Multi-strategy commingled funds	55,782,571			
Fund of funds commingled investments	787,715,979			
Real estate held as investment	<u>5,420,269</u>			
Total investments measured at the NAV	<u>2,994,663,079</u>			
Total investments measured at fair value	<u>\$3,275,196,007</u>			

***Key:**

Level 1 - Quoted Prices in Active Markets for Identical Assets

Level 2 - Significant Other Observable Inputs

Level 3 - Significant Unobservable Inputs

Debt and equity securities classified as Level 1 are valued using prices quoted in active markets for those securities.

The fair value of mortgage-related securities, corporate securities and government-related securities at June 30, 2021, was determined primarily based on Level 2 inputs. Wells Fargo estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

MFPRSI holds shares or interest in investment companies where the fair value of the investments are measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At year end, the fair value, unfunded commitments, and redemption rules of those investments is as follows:

Investments measured at the NAV (\$ in millions)

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Domestic equity funds	\$540		Daily	1-5 Days
International equity funds	482		Daily, Monthly	1 Week/15th
Global equity funds	16		Daily	2 Days
Global bond funds	51		Daily	1 Day
Private credit funds	21	\$34	Monthly	3 Days
Real estate funds	286	\$47	N/A	N/A
Private equity funds	750	\$369	N/A	N/A
Multi-strategy hedge funds	56		Monthly	2 Weeks
Fund of funds commingled investments	788		Daily	1 Day
Real estate held as investment	<u>5</u>		N/A	N/A
Total investments measured at the NAV	<u>\$2,995</u>			

MFPRSI does not anticipate restrictions, other than those outlined in the table, on the ability to sell individual investments at the measurement date. Additionally, MFPRSI does not anticipate that NAV driven investments will become redeemable at valuations materially different from the corresponding NAV listed above. On average, distributions received through the liquidation of underlying investments/assets can occur over the span of 8-15 years. MFPRSI has no prescribed time frame to liquidate the investments.

The multi-strategy hedge funds class invests in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The underlying portfolios hold both long and short positions in various asset classes and may also employ leverage. The investments of the underlying portfolios will likely include, but will not be limited to, common stocks, depository receipts, bank loans, bonds (including sovereign debt of emerging market countries), notes, commodities, currencies, forwards, futures, options and swap agreements.

5. DERIVATIVES

MFPRSI's investment managers may invest in derivative securities as permitted by their contracts. A derivative security is an investment whose payoff depends upon the value of an underlying asset such as bond and stock prices or a market index. All derivatives are considered investments. The fair values of all derivative financial instruments are reported in the Statement of Fiduciary Net Position as 'Short-term investments and currency positions.' Changes in the values of derivative financial instruments are reported in the Statement of Changes in Fiduciary Net Position as 'Net appreciation in fair value of investments.' Derivative financial instruments involve, to varying degrees, credit risk and market risk. At June 30, 2021 and 2020, the retirement system had no derivative financial instruments.

Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. To limit credit risk, each investment manager screens potential counter-parties and establishes and maintains an approved list of acceptable firms which meet a high level of credit-worthiness.

Market risk is the possibility that a change in interest or currency rates will cause the value of a financial instrument to decrease or become more costly to settle. The market risk associated with derivatives, the prices of which are constantly fluctuating, is managed by imposing contractual requirements on the investment managers as to the types, amounts and degree of risk they may undertake. Investment managers' derivative activities are reviewed on a periodic basis by MFPRSI as well as the Board to monitor compliance with the contracts. The retirement system does not purchase derivatives with borrowed funds and does not allow the leveraging of the portfolios.

MFPRSI's derivative investments may include foreign currency forward contracts, options, futures, and collateralized mortgage obligations. Derivative securities may also be used to improve yield, adjust the duration of the fixed income portfolio, or to hedge changes in interest rates.

6. IOWA PUBLIC EMPLOYEES PENSION SYSTEM (IPERS)

IPERS Plan Description

IPERS membership is mandatory for employees of MFPRSI. Pensions are provided to employees of MFPRSI through a cost-sharing, multiple employer defined benefit pension plan administered by IPERS. IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 and at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. The plan documents contain more information.

IPERS Pension Benefits

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first (these qualifications must be met on the member's first month of entitlement to benefits). Members cannot begin receiving retirement benefits before age 55.

The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

IPERS Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

IPERS Contributions

As a result of a 2010 law change effective July 1, 2012, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to one percentage point.

IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by IPERS' Investment Board.

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29 percent of pay and MFPRSI contributed 9.44 percent for a total rate of 15.73 percent.

MFPRSI's total contributions to IPERS for the years ended June 30, 2021 and 2020, were \$93,581 and \$89,556, respectively.

IPERS Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, MFPRSI reported a liability of \$839,724 for its proportionate share of the IPERS net pension liability. The IPERS net pension liability was measured as of June 30, 2020, and the IPERS total pension liability used to calculate the IPERS net pension liability was determined by an actuarial valuation as of that date. The MFPRSI's proportion of the IPERS net pension liability was based on the MFPRSI's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2020, the MFPRSI's proportion was 0.012038 percent, which was an increase from 0.011991, its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, MFPRSI recognized pension expense of \$122,114. At June 30, 2021, MFPRSI reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$928	\$19,904
Changes of Assumptions	43,103	-
Net difference between projected and actual earnings on pension plan investments	47,206	-
Changes in proportion and differences between MFPRSI contributions and proportionate share of contributions	6,721	17,111
MFPRSI contributions subsequent to the measurement date of June 30, 2020	93,581	-
Total	<u>\$191,539</u>	<u>\$37,015</u>

Deferred outflows of resources related to pensions resulting from MFPRSI contributions of \$93,581 reported subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$4,494
2023	12,027
2024	16,222
2025	28,207
2026	(7)
Thereafter	-

There were no non-employer contributing entities at IPERS.

IPERS Actuarial assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (Effective June 30, 2017)	2.60% per annum.
Rates of salary increases (Effective June 30, 2017)	3.25% to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (Effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.

The IPERS actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables adjusted to 2006 and 2017 with MP-2017 generational adjustments.

The actuarial assumptions used in the June 30, 2020 valuation are based on the results of the most recent actuarial experience studies. An experience study of the System’s demographic assumptions was presented to the Investment Board in June 2018. This study included information on mortality, retirement, disability and termination rates, as well as salary trends, for the period of July 1, 2013 – June 30, 2017. At the Investments Board’s direction, the experience study of the System’s economic assumptions, including the long-term rate of return, was accelerated a year resulting in a full review of the economic assumptions in early 2017. The findings of the experience study on economic assumptions, along with the resulting recommendations, are included in the report dated March 24, 2017.

Several factors are considered in evaluating the actuarial assumed investment return including long-term historical data, estimates inherent in current market data, along with estimates of variability and correlations for each asset class, and in analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) were developed by IPERS’s investment consultant. These ranges were combined to develop the actuarial assumed investment return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The actuarial assumed investment return reflects the anticipated returns on current and future plan assets, and provides a discount rate to determine the present value of future benefit payments.

Best estimates of geometric real rates of return for each major asset class included in IPERS’ target asset allocation as of June 30, 2020 are shown in the following table.

Asset Class	IPERS Target Allocation	IPERS Long-Term Expected Real Rate of Return
Domestic equity	22%	4.43%
International equity	17.5	5.15
Global smart beta equity	6	4.87
Core-plus fixed income	28	-0.29
Public credit	4	2.29
Cash	1	-0.78
Private equity	11	6.54
Private real assets	7.5	4.48
Private credit	3	3.11
Total	<u>100%</u>	

IPERS – Discount Rate. The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from MFPRSI will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of MFPRSI’s proportionate share of the IPERS net pension liability to changes in the discount rate. The following presents MFPRSI’s proportionate share of the IPERS net pension liability calculated using the discount rate of 7.0 percent, as well as what MFPRSI’s proportionate share of the IPERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate.

	1% Decrease 6.0%	Current Discount Rate 7.0%	1% Increase 8.0%
MFPRSI’s proportionate share of the IPERS net pension liability	\$1,400,168	\$839,724	\$369,799

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to IPERS

At June 30, 2021, MFPRSI reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

At June 30, 2020, MFPRSI reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Required Supplementary Information

**Schedule of Changes in MFPRSI's Net Pension Liability
Last 10 Fiscal Years**

	2021	2020	2019	2018	2017
Total pension liability					
Service cost	\$56,807,678	\$55,133,707	\$53,017,674	\$56,128,110	\$53,423,772
Interest	251,348,980	242,467,141	233,282,508	224,678,250	213,069,288
Difference between expected and actual experience	14,881,260	9,638,175	16,177,781	(9,748,387)	12,891,275
Changes of assumptions	-	-	-	21,266,192	39,751,096
Benefit payments, including refunds	(195,202,243)	(185,942,113)	(178,457,619)	(170,663,862)	(163,571,586)
Net change in total pension liability	127,835,675	121,296,910	124,020,344	121,660,303	155,563,845
Total pension liability - beginning	3,390,348,728	3,269,051,818	3,145,031,474	3,023,371,171	2,867,807,326
Total pension liability - ending	3,518,184,403	3,390,348,728	3,269,051,818	3,145,031,474	3,023,371,171
Plan fiduciary net position					
Contributions - employer	82,245,851	77,551,461	78,766,019	74,641,639	73,411,163
Contributions - member	30,587,481	29,808,835	28,472,627	27,493,680	26,625,022
Net investment income	785,156,295	60,250,246	136,635,233	183,182,098	259,812,040
Benefit payments, including refunds	(195,202,243)	(185,942,113)	(178,457,619)	(170,663,862)	(163,571,586)
Administrative expense	(1,894,969)	(1,887,579)	(1,797,284)	(1,781,886)	(1,767,657)
Other	(30,576)	(157,670)	(121,714)	(139,793)	(159,263)
Net change in plan fiduciary net position	700,861,839	(20,376,820)	63,497,262	112,731,876	194,349,719
Plan fiduciary net position - beginning	2,592,748,429	2,613,125,249	2,549,627,987	2,436,896,111	2,242,546,392
Plan fiduciary net position - ending	\$3,293,610,268	\$2,592,748,429	\$2,613,125,249	\$2,549,627,987	\$2,436,896,111
MFPRSI's net pension liability - ending	\$224,574,135	\$797,600,299	\$655,926,569	\$595,403,487	\$586,475,060

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of Changes in MFPRSI's Net Pension Liability
Last 10 Fiscal Years (continuation from previous page)**

	2016	2015	2014	2013	2012
Total pension liability					
Service cost	\$51,366,130	\$49,893,939	\$48,020,046	\$47,487,380	\$45,660,053
Interest	205,836,959	196,289,405	187,172,397	185,532,855	177,678,499
Difference between expected and actual experience	7,643,609	15,374,059	(1,248,941)	(22,020,082)	14,628,549
Changes of assumptions	(10,467,574)	17,508,411	32,616,664	(49,002,711)	-
Benefit payments, including refunds	(156,566,482)	(150,026,306)	(143,833,568)	(137,617,880)	(132,611,997)
Net change in total pension liability	97,812,642	129,039,508	122,726,598	24,379,562	105,355,104
Total pension liability - beginning	<u>2,769,994,684</u>	<u>2,640,955,176</u>	<u>2,518,228,578</u>	<u>2,493,849,016</u>	<u>2,388,493,912</u>
Total pension liability - ending	<u>2,867,807,326</u>	<u>2,769,994,684</u>	<u>2,640,955,176</u>	<u>2,518,228,578</u>	<u>2,493,849,016</u>
Plan fiduciary net position					
Contributions - employer	75,254,727	79,748,943	76,917,460	65,327,766	62,661,684
Contributions - member	25,455,597	24,622,310	24,054,541	23,358,844	23,419,864
Net investment income	164,100	69,833,569	358,680,682	229,592,075	4,057,940
Benefit payments, including refunds	(156,566,482)	(150,026,306)	(143,833,568)	(137,617,880)	(132,611,997)
Administrative expense	(1,728,951)	(1,680,944)	(1,553,740)	(1,523,477)	(1,606,072)
Other	(212,954)	(774,140)	(75,070)	(99,223)	(98,573)
Net change in plan fiduciary net position	(57,633,963)	21,723,432	314,190,305	179,038,105	(44,177,154)
Plan fiduciary net position - beginning	<u>2,300,180,355</u>	<u>2,278,456,923</u>	<u>1,964,266,618</u>	<u>1,785,228,513</u>	<u>1,829,405,667</u>
Plan fiduciary net position - ending	<u>\$2,242,546,392</u>	<u>\$2,300,180,355</u>	<u>\$2,278,456,923</u>	<u>\$1,964,266,618</u>	<u>\$1,785,228,513</u>
MFPRSI's net pension liability - ending	<u>\$625,260,934</u>	<u>\$469,814,329</u>	<u>\$362,498,253</u>	<u>\$553,961,960</u>	<u>\$708,620,503</u>

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of MFPRSI's Net Pension Liability
Last 10 Fiscal Years**

	2021	2020	2019	2018	2017
Total pension liability	\$3,518,184,403	\$3,390,348,728	\$3,269,051,818	\$3,145,031,474	\$3,023,371,171
Plan fiduciary net position	3,293,610,268	2,592,748,429	2,613,125,249	2,549,627,987	2,436,896,111
MFPRSI's net pension liability	<u>\$224,574,135</u>	<u>\$797,600,299</u>	<u>\$655,926,569</u>	<u>\$595,403,487</u>	<u>\$586,475,060</u>
Plan fiduciary net position as a percentage of the total pension liability	93.62%	76.47%	79.94%	81.07%	80.60%
Actuarial projected covered payroll	\$324,953,814	\$317,709,825	\$302,713,506	\$290,660,576	\$283,222,057
MFPRSI's net pension liability as a percentage of covered payroll	69.11%	251.05%	216.68%	204.84%	207.07%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of MFPRSI's Net Pension Liability
Last 10 Fiscal Years (continuation of table above)**

	2016	2015	2014	2013	2012
Total pension liability	\$2,867,807,326	\$2,769,994,684	\$2,640,955,176	\$2,518,228,578	\$2,493,849,016
Plan fiduciary net position	2,242,546,392	2,300,180,355	2,278,456,923	1,964,266,618	1,785,228,513
MFPRSI's net pension liability	<u>\$625,260,934</u>	<u>\$469,814,329</u>	<u>\$362,498,253</u>	<u>\$553,961,960</u>	<u>\$708,620,503</u>
Plan fiduciary net position as a percentage of the total pension liability	78.20%	83.04%	86.27%	78.00%	71.59%
Actuarial projected covered payroll	\$270,986,891	\$262,260,060	\$255,370,044	\$250,107,112	\$250,047,187
MFPRSI's net pension liability as a percentage of covered payroll	230.73%	179.14%	141.95%	221.49%	283.39%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of MFPRSI's Contributions
Last 10 Fiscal Years**

	2021	2020	2019	2018	2017
Actuarially determined contribution	\$82,245,851	\$77,551,461	\$78,766,019	\$74,641,639	\$73,411,163
Contributions in relation to the actuarially determined contribution	82,245,851	77,551,461	78,766,019	74,641,639	73,411,163
Contribution deficiency (excess)	\$-	\$-	\$-	\$-	\$-
Reported covered payroll	\$324,953,814	\$317,709,825	\$302,713,506	\$290,660,576	\$283,222,057
Contributions as a percentage of covered payroll	25.31%	24.41%	26.02%	25.68%	25.92%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of MFPRSI's Contributions
Last 10 Fiscal Years (continuation of table above)**

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$75,254,727	\$79,748,943	\$76,917,460	\$65,327,766	\$61,911,684
Contributions in relation to the actuarially determined contribution	75,254,727	79,748,943	76,917,460	65,327,766	61,911,684
Contribution deficiency (excess)	\$-	\$-	\$-	\$-	\$-
Reported covered payroll	\$270,986,891	\$262,260,060	\$255,370,044	\$250,107,112	\$250,047,187
Contributions as a percentage of covered payroll	27.77%	30.41%	30.12%	26.12%	24.76%

* GASB Statement No. 68 requires ten years of information to be presented in this table.

**Schedule of Investment Returns
Last 10 Fiscal Years**

Fiscal Year	Annual money-weighted rate of return, net of investment expenses	Fiscal Year	Annual money-weighted rate of return, net of investment expenses
2021	29.90%	2016	0.02%
2020	2.35%	2015	3.02%
2019	5.32%	2014	17.97%
2018	7.59%	2013	13.10%
2017	11.72%	2012	-0.27%

Schedule of MFPRSI Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last 7 Fiscal Years

	2020	2019	2018	2017
MFPRSI's proportion of the net pension liability (asset)	0.012038%	0.011991%	0.011874%	0.012415%
MFPRSI's proportionate share of the net pension liability (asset)	\$839,724	\$699,044	\$751,182	\$819,626
MFPRSI's covered payroll	\$991,326	\$948,686	\$892,161	\$988,443
MFPRSI's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	84.71%	73.69%	84.20%	82.92%
Plan fiduciary net position as a percentage of the total net pension liability	82.90%	85.45%	83.62%	82.21%

The amounts presented for each fiscal year were determined as of June 30.

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, MFPRSI will present information for those years for which information is available.

Schedule of MFPRSI Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
Last 7 Fiscal Years (continuation of table on the previous page)

	2016	2015	2014
MFPRSI's proportion of the net pension liability (asset)	0.012738%	0.012726%	0.012759%
MFPRSI's proportionate share of the net pension liability (asset)	\$794,389	\$632,688	\$516,371
MFPRSI's covered payroll	\$902,363	\$877,346	\$851,989
MFPRSI's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	88.03%	72.11%	60.61%
Plan fiduciary net position as a percentage of the total net pension liability	81.82%	84.19%	56.84%

The amounts presented for each fiscal year were determined as of June 30.

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, MFPRSI will present information for those years for which information is available.

Schedule of MFPRSI's Contributions

Iowa Public Employees' Retirement System
Last 8 Fiscal Years

	2021	2020	2019	2018
Actuarially determined contribution	\$93,581	\$89,556	\$86,727	\$79,670
Contributions in relation to the actuarially determined contribution	<u>(93,581)</u>	<u>(89,556)</u>	<u>(86,727)</u>	<u>(79,670)</u>
Contribution deficiency (excess)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Reported covered payroll	\$991,326	\$948,686	\$918,718	\$892,161
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

* GASB Statement No. 68 requires to present 10 years of information. However, until a 10-year trend is compiled, MFPRSI will present information for those years in which information is available.

Schedule of MFPRSI's Contributions

Iowa Public Employees' Retirement System
Last 8 Fiscal Years (continuation of table above)

	2017	2016	2015	2014
Actuarially determined contribution	\$88,268	\$80,581	\$78,347	\$76,083
Contributions in relation to the actuarially determined contribution	<u>(88,268)</u>	<u>(80,581)</u>	<u>(78,347)</u>	<u>(76,083)</u>
Contribution deficiency (excess)	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>
Reported covered payroll	\$988,443	\$902,363	\$877,346	\$851,989
Contributions as a percentage of covered payroll	8.93%	8.93%	8.93%	8.93%

* GASB Statement No. 68 requires to present 10 years of information. However, until a 10-year trend is compiled, MFPRSI will present information for those years in which information is available.

Notes to Required Supplementary Information

Methods and Assumptions used in calculations of Actuarially Determined Contributions. The actuarially determined contribution rates in the schedule of MFPRSI's contributions are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine contribution rates reported in that schedule:

Valuation date	July 1, 2021
Actuarial cost method	Entry age normal
Amortization method	Level Dollar, Closed, Layered
Remaining amortization period	25 Years
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases	3.75% to 15.11%
Post-retirement mortality table:	
Ordinary	RP 2014 Blue Collar Healthy Annuitant table with males set-forward zero years, females set-forward two years, with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.
Disabled	RP 2014 Blue Collar Healthy Annuitant Mortality Table - Male, set-forward three years, with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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Actuarial Valuation's Purpose
Cities' Recommended Contribution Rate
Contribution Rate History
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Actuarial Valuation's Purpose

Provided by SilverStone Group

The actuarial data in this section was determined by MFPRSI's actuarial services provider, SilverStone Group ("SilverStone"). The information in this section presents a portion of the annual actuarial valuation, which was determined in accordance with Iowa Code Chapter 411. The complete actuarial valuation report as of July 1, 2021, can be accessed on the retirement system's website, www.mfprsi.org.

The costs developed and presented in this section are based on asset values as of June 30, 2021, member census data as of July 1, 2021, and current retirement system provisions, all of which were supplied by MFPRSI.

The purposes of the actuarial valuation are the following:

1. To determine the normal contribution rate that is payable by the cities under Chapter 411 of the Code of Iowa;
2. To determine the funded status of the retirement system; and
3. To provide information relating to the disclosure requirements of the Governmental Accounting Standards Board (GASB) Statement No. 67 – Financial Reporting for Defined Benefit Pension Plans (an amendment of GASB Statement No. 25).

All costs and liabilities were determined in accordance with generally accepted actuarial principles and procedures and are based on the actuarial assumptions and methods prescribed by the Board in accordance with Iowa Code Section 411.5.10-11. The information supplied in this section is accurate and the assumptions are reasonably related to both MFPRSI's experience and its reasonable expectations under the retirement system in the opinion of SilverStone.

Cities' Recommended Contribution Rate

The cities' contribution rate is established by Iowa Code Chapter 411. The rate specified for employees is set by the statute, currently at 9.40 percent of earnable compensation. The rate for employers is adopted each year by the Board following the completion of the annual actuarial valuation. The required contribution rate as reported by MFPRSI's actuary is developed in the chart below and is effective July 1, 2022.

Annual Contributions and Contribution Rate Formula

Data as of July 1, 2021

Effective July 1, 2022

Preliminary total contribution

1. Annual normal cost	\$58,814,108
2. Estimated member contributions	31,672,482
3. Unfunded actuarial accrued liability amortization payment	53,373,587
4. Total (cities + state) contribution = (1) - (2) + (3)	<u>80,515,213</u>

Cities' contribution

5. Preliminary total contribution = (4)	80,515,213
6. Estimated state contribution	0
7. Preliminary cities' contribution = (5) - (6)	80,515,213
8. Covered payroll	<u>336,941,302</u>
9. Cities' contribution as a percent of payroll = (7) / (8)	23.90%
10. Minimum required contribution rate for cities	17.00%
11. Cities' contribution = [Greater of (9) or (10)] x (8)	80,528,971

Starting with the normal contribution rate approved in 2020 of 26.18 percent and ending with the normal contribution rate approved in 2021 of 23.90 percent, explanations for the year-over-year changes are discussed below.

Year-over-year changes to the participating cities' contribution rate

July 1, 2020, normal contribution rate effective July 1, 2021	26.18%
Effect of different State of Iowa contribution	0.00%
Effect of cities' contribution different than actuarially determined	0.08%
MFPRSI experience less favorable than assumed:	
Salary increases less than assumed	(0.01%)
Investment experience more favorable than assumed	(2.29%)
Effect of new members	(0.67%)
Effect of DROP experience	(0.01%)
Other population changes	0.62%
	(2.36%)
Changes in MFPRSI's provisions	0.00%
Changes in actuarial assumptions	0.00%
Changes in actuarial methods	0.00%
	<hr/>
Preliminary normal contribution rate	23.90%
Increase to meet minimum required contribution rate of 17.00%	0.00%
	<hr/>
July 1, 2021, normal contribution rate effective July 1, 2022	<u>23.90%</u>

Effect of Different State of Iowa Contribution 0.00%

The contribution provided by the State of Iowa remained unchanged at \$0 for 2020 and \$0 for 2021.

Effect of Cities' Contribution Different than Actuarially Determined 0.08%

The cities' actual contribution rate as a percent of covered payroll was 25.31% for the period ended June 30, 2021. The actuarially determined rate for the same period was 26.18% of covered payroll. This had the effect of producing smaller contributions than expected and increased the cities' contribution rate by 0.08%.

Salary Increases Less than Assumed (0.01%)

The actual weighted average salary increase for active members included in the valuation was 4.99% compared to an expected weighted average increase of 5.09%. Actual salaries paid in the prior plan year ended June 30, 2021 were reported for the July 1, 2021 valuation. This had the effect of decreasing the cities' contribution rate by 0.01%.

Investment Experience More Favorable than Assumed (2.29%)

The actuarial value of assets realized a return of 10.97% compared to the assumed investment return of 7.50%. This had the effect of decreasing the cities' contribution rate by 2.29%.

Effect of New Members (0.67%)

New members are generally younger and lower-paid than the ongoing members. Thus, these new members require a lower contribution rate from the cities due to the longer period of time over which to fund their benefits. This had the effect of decreasing the cities' contribution rate by 0.67%.

Effect of DROP Experience (0.01%)

The expected number of active members who choose to participate, the age at which the members chose to participate, the duration of the DROP period selected and the number of members who prematurely withdraw from DROP do not exactly match the actual incidences. In addition, the investment earnings on the DROP accounts differ from that assumed. These variances in participation rates, age at participation, duration of participation, premature withdrawals and investment earnings caused a slight decrease in the cities' contribution rate.

Other Population Changes 0.62%

The expected rates of disability, death, retirement and withdrawal do not exactly match the actual incidences. These variances will cause a gain or loss each year. For example, there were fewer active members' deaths (2) than assumed (3) during the period ended June 30, 2021. In addition, there were more service retirements (50) than assumed (44) and more withdrawals (140) than assumed (93) during the period ended June 30, 2021. Finally, there were more disability retirements (55) than assumed (34) and more inactive member deaths (161) than assumed (148) during the period ended June 30, 2021. These variances in active member deaths, service retirements, disability retirements and inactive member deaths caused an actuarial loss which increased the cities' contribution rate by 0.62%.

Changes in MFPRSI's Provisions 0.00%

There were no changes in MFPRSI's benefit provisions from the prior year valuation.

Changes in Actuarial Assumptions 0.00%

There were no changes in actuarial assumptions from the prior year valuation. In accordance with Iowa State Code Section 411.5.10-11, the Board prescribes the actuarial assumptions used in the actuarial valuation. Per the Code Section, the retirement system's actuary conducts a formal investigation, or experience study, of the primary assumptions every five years. The most recent investigation was completed in the winter of 2020 for the 10-year period ending June 30, 2020. Next scheduled formal investigation will be for the period ending June 30, 2022.

Changes in Actuarial Methods 0.00%

There were no changes in actuarial methods from the prior year valuation.

Contribution Rate History

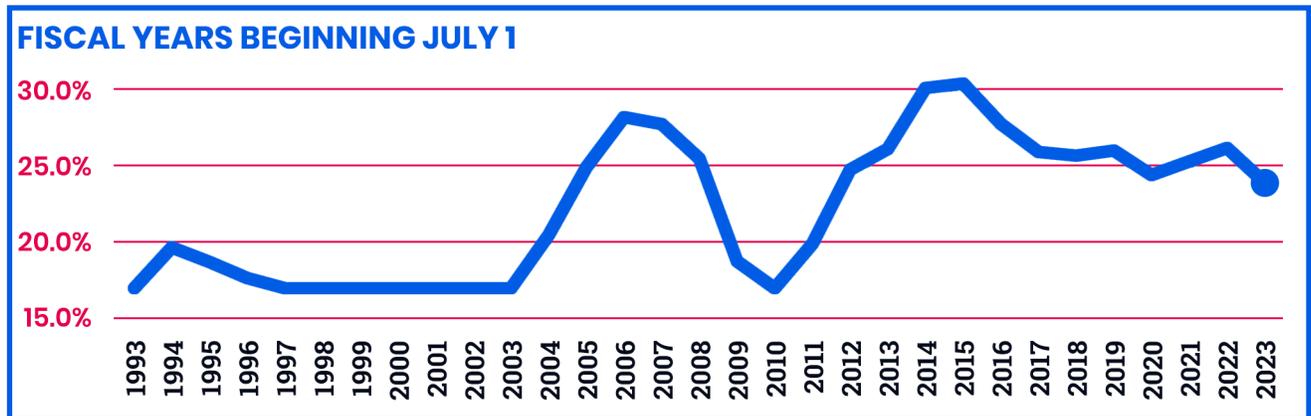
Contribution Rate 1993* - 2023

Fiscal year	Rate	Fiscal year	Rate
1993*	17.00%	2009	18.75%
1994	19.66%	2010#	17.00%
1995	18.71%	2011	19.90%
1996	17.66%	2012	24.76%
1997#	17.00%	2013	26.12%
1998#	17.00%	2014	30.12%
1999#	17.00%	2015	30.41%
2000#	17.00%	2016	27.77%
2001#	17.00%	2017	25.92%
2002#	17.00%	2018	25.68%
2003#	17.00%	2019	26.02%
2004	20.48%	2020	24.41%
2005	24.92%	2021	25.31%
2006	28.21%	2022	26.18%
2007	27.75%	2023	23.90%
2008	25.48%		

*MFPRSI's first fiscal year operated January 1, 1992, to June 30, 1993. In all subsequent years the fiscal year began July 1. MFPRSI's fiscal year runs July 1 to June 30. The fiscal year name coincides with the year as of June 30 (i.e., "fiscal year 2023" covers July 1, 2022, to June 30, 2023).

#Rate certified at 17.00%, the minimum as required by statute.

Contribution Rate History Graph



Actuarial Report Highlights

	As of July 1,	2021	2020	2019
Cities' recommended contribution		\$80,528,971	\$85,836,388	\$79,963,755
Normal contribution rate		23.90%	26.18%	25.31%
Plan assets				
Market value		3,293,610,268	2,592,748,429	2,613,125,249
Actuarial value		2,918,169,854	2,710,027,554	2,649,186,492
Prior year investment return				
Market value		30.78%	2.34%	5.44%
Actuarial value		10.97%	5.42%	5.65%
Actuarial accrued liability		3,518,184,403	3,390,348,728	3,269,051,818
Funded ratio*		82.95%	79.93%	81.04%
Annual participating payroll		336,941,302	327,870,085	315,937,395
Annual normal cost		58,814,108	56,807,678	55,133,707
Percent of payroll		17.46%	17.33%	17.45%
Annual pension benefits				
Service retirement		105,137,988	99,536,112	95,066,664
Disabled retirement		55,264,320	52,745,112	50,710,716
Vested retirement		9,127,704	8,418,288	7,771,656
Beneficiaries		23,239,020	21,803,760	21,062,616
Total		192,769,032	182,503,272	174,611,652
Number of members				
Active		4,107	4,084	4,086
Disabled		1,159	1,141	1,134
Retirees and beneficiaries		3,126	3,049	3,014
Vested terminated		415	375	374
Total		8,807	8,649	8,608

*Based on the ratio of the Actuarial Value of Assets to Actuarial Accrued Liability.

Actuarial Value of Assets – Year Ending June 30, 2021

1. Actuarial value of assets at July 1, 2020						\$2,710,027,554
2. Contributions for 2020 plan year (members, cities, and state)						112,833,332
3. Benefit distributions and refunds for 2020 plan year						(195,202,243)
4. Non-investment expenses						
a. Administrative expenses						(1,894,969)
b. Disability expenses						(235,686)
c. Other expenses						(4,311)
d. Total						<u>(2,134,966)</u>
5. Expected return on market value of assets for year at 7.5%						191,344,525
6. Asset gains/(losses) for prior five plan years						
	(I)			(II)	(I) x (II)	
	Asset gain or	Years	Years	Recognition	Recognized	
	(loss)	recognized	remaining	percentage	amount	
a. 2020	\$594,021,191	1	4	20.000%	118,804,238	
b. 2019	(132,764,343)	2	3	20.000	(26,552,869)	
c. 2018	(51,803,053)	3	2	20.000	(10,360,611)	
d. 2017	3,020,970	4	1	20.000	604,194	
e. 2016	94,033,500	5	0	20.000	18,806,700	
f. Total					<u>101,301,652</u>	
7. Asset gains/(losses) to be recognized = (6f)						101,301,652
8. Actuarial value of assets at July 1, 2021 = (1) + (2) + (3) + (4d) + (5) + (7)						2,918,169,854
9. Market value of assets at July 1, 2021						3,293,610,268
10. Ratio of actuarial value to market value at July 1, 2021 = (8) / (9)						88.60%

Unfunded Actuarial Accrued Liability

	As of July 1,	2021	2020
1. Actuarial accrued liability before changes			
a. Active members			
Service retirements/DROP	\$1,153,345,797	\$1,145,608,199	
Ordinary disability	23,054,353	22,763,552	
Accidental disability	117,919,811	116,556,431	
Ordinary death	3,191,011	3,153,524	
Accidental death	6,142,185	6,088,108	
Withdrawal	38,682,142	38,045,907	
Total active	1,342,335,299	1,332,215,721	
b. Inactive members			
Members receiving benefits	2,119,198,841	2,008,736,264	
Deferred vested terminations	55,989,100	48,909,558	
Refund of member contributions due	661,163	487,185	
Total inactive	2,175,849,104	2,058,133,007	
c. Total actuarial accrued liability	3,518,184,403	3,390,348,728	
2. Actuarial value of plan assets	2,918,169,854	2,710,027,554	
3. Unfunded actuarial accrued liability before changes = [Excess of (1) over (2)]	600,014,549	680,321,174	
4. Change in unfunded actuarial accrued liability			
a. Change in MFPRSI's provisions		0	0
b. Change in actuarial assumptions		0	0
5. Unfunded actuarial accrued liability after changes	600,014,549	680,321,174	

The unfunded actuarial accrued liability is the amount the actuarial accrued liability exceeds the actuarial value of plan assets determined as of the actuarial valuation date. The unfunded actuarial accrued liability is reduced during a year when retirement system funding exceeds the annual normal cost and interest accrued on the prior year unfunded accrued liability.

The unfunded actuarial accrued liability is also reduced (increased) when the investment return on MFPRSI's assets exceeds (is less than) the assumed investment return.

The actuarial accrued liability is increased if there are amendments that revise benefits payable from MFPRSI. The actuarial accrued liability may be increased or decreased as the result of retirement system experience or if there are changes in the actuarial assumptions used to determine annual contributions

Unfunded Accrued Liability Payments

Amortization base	Date established	Source of base
\$657,280,700	July 1, 2013	Initial unfunded
(101,748,328)	July 1, 2014	Actuarial gain
32,616,664	July 1, 2014	Assumption change
(64,447,420)	July 1, 2015	Actuarial gain
17,508,411	July 1, 2015	Assumption change
21,275,521	July 1, 2016	Actuarial loss
(10,467,574)	July 1, 2016	Assumption change
(7,154,241)	July 1, 2017	Actuarial gain
39,751,096	July 1, 2017	Assumption change
(15,920,159)	July 1, 2018	Actuarial gain
21,266,192	July 1, 2018	Assumption change
63,348,299	July 1, 2019	Actuarial loss
63,889,229	July 1, 2020	Actuarial loss
(77,624,458)	July 1, 2021	Actuarial gain

Charge Bases

Initial amortization base	Initial term - years	Remaining term on valuation date	Amortization payment
\$657,280,700	25	17	\$54,851,250
32,616,664	25	18	2,721,919
17,508,411	25	19	1,461,108
21,275,521	25	20	1,775,480
39,751,096	25	21	3,317,300
21,266,192	25	22	1,774,702
63,348,299	25	23	5,286,529
63,889,229	25	24	5,331,670
		Total	<u>76,519,958</u>

Credit Bases

Initial amortization base	Initial term - years	Remaining term on valuation date	Amortization payment
\$101,748,328	25	18	\$8,491,080
64,447,420	25	19	5,378,253
10,467,574	25	20	873,538
7,154,241	25	21	597,034
15,920,159	25	22	1,328,566
77,624,458	25	25	6,477,900
		Total	<u>23,146,371</u>

Net Amortization Payment \$53,373,587

One of the components included to determine the recommended contribution is the unfunded accrued liability payment. The unfunded accrued liability payment is an annual amount that will amortize over 25 years on a closed, layered level dollar basis:

- The initial unfunded accrued liability was established as of July 1, 2013.
- An increase in unfunded accrued liability may occur if benefits are improved through amendments.
- An increase or decrease in the unfunded accrued liability is associated with a change in actuarial assumptions.
- An increase or decrease in the unfunded accrued liability resulting from actuarial gains or losses due to MFPRS's experience more or less favorable than expected.

Actuarial Gain / (Loss)

Expected unfunded actuarial accrued liability

1. Expected actuarial accrued liability

Actuarial accrued liability on July 1, 2020	\$3,390,348,728
Normal cost	56,807,678
Benefit distributions	(195,202,243)
Interest on above at 7.50% to June 30, 2021	<u>251,348,980</u>
Total	3,503,303,143

2. Expected assets

Actuarial value of assets on July 1, 2020	2,710,027,554
Contributions	112,833,332
Benefit distributions and non-investment expenses	(197,337,209)
Interest on above at 7.50% to June 30, 2021	<u>200,140,459</u>
Total	2,825,664,136

3. Expected unfunded actuarial accrued liability on June 30, 2021 = (1) - (2)

677,639,007

Actual unfunded actuarial accrued liability

1. Actuarial accrued liability before changes	3,518,184,403
2. Actuarial value of assets	<u>2,918,169,854</u>
3. Actual unfunded actuarial accrued liability on July 1, 2021 = (1) - (2)	600,014,549

Actuarial gain or (loss)

1. Expected unfunded actuarial accrued liability	677,639,007
2. Actual unfunded actuarial accrued liability	<u>600,014,549</u>
3. Actuarial gain or (loss) for 2021 fiscal year = (1) - (2)	77,624,458

Actuarial Present Value of Accrued Benefits

	As of July 1,	2021	2020
1. Present value of vested accrued benefits			
a. Present value of vested accrued benefits for active members		\$1,037,719,399	\$1,030,296,090
b. Present value of benefits for terminated members		56,650,263	49,396,743
c. Present value of benefits for service retirees, beneficiaries, and disabled retirees		<u>2,119,198,841</u>	<u>2,008,736,264</u>
Total		\$3,213,568,503	\$3,088,429,097
2. Present value of accrued non-vested benefits		38,100,125	37,827,576
3. Present value of all accrued benefits = (1) + (2)		\$3,251,668,628	\$3,126,256,673
4. Market value of assets		\$3,293,610,268	\$2,592,748,429
5. Ratio of market value of assets to the present value of all accrued benefits = (4) / (3)		101.29%	82.93%
6. Ratio of market value of assets to the present value of vested accrued benefits = (4) / (1)		102.49%	83.95%

Change in Actuarial Present Value of Accrued Benefits

The change in actuarial present value of accrued benefits due to various factors including benefits accumulated, the passage of time, benefits paid, changes in assumptions, and changes in MFPRSI's provisions is displayed below.

Actuarial present value of accrued benefits on July 1, 2020	\$3,126,256,673
Change in present value of accrued benefits from July 1, 2020, to July 1, 2021, due to:	
Additional benefits accumulated	\$93,332,698
Interest due to passage of time	227,281,500
Benefits paid	(195,202,243)
Change in assumptions	0
Change in MFPRSI's provisions	<u>0</u>
Actuarial present value of accrued benefits on July 1, 2021	<u><u>\$3,251,668,628</u></u>

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**Investment Consultant's Report
Performance
Overview**

INVESTMENTS

INVESTMENTS

INVESTMENTS

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INVESTMENTS

Investment Consultant's Report

Provided by Doug Oest, CAIA, Managing Partner and David H. Smith, CFA, Managing Director Marquette Associates

In early 2021, the MFPRSI portfolio surpassed \$3 billion in total assets for the first time ever and, as of June 30, 2021, MFPRSI's portfolio totaled \$3.3 billion. For the fiscal year, MFPRSI's portfolio earned a 30.7 percent investment return, net of fees, and has returned 8.9 percent annualized over the trailing ten years, net of fees. The MFPRSI portfolio is benchmarked against a portfolio of 60 percent global stocks and 40 percent domestic bonds (a "60/40" allocation) which earned 22.1 percent for the 2021 fiscal year and 8.0 percent, annualized, over the trailing ten-year period.

Most of this year's portfolio growth is attributable to strong equity market returns and unprecedented levels of stimulus from central banks worldwide. To alleviate the economic impact of the COVID-19 pandemic, policy makers took swift action which resulted in an enormous amount of monetary and fiscal aid aimed at providing support to beleaguered families and businesses. U.S. equities rebounded significantly since the March 2020 sell-off as investor optimism returned. This tailwind continued into 2021 and the S&P 500, which tracks the performance of U.S. large companies, finished the fiscal year up 40.8 percent.

March 23, 2021, marked the one-year anniversary of the equity market trough. During that twelve-month period equity markets rebounded remarkably, returning anywhere between 67 percent and 121 percent across the various major indices for U.S. and non-U.S. stocks. Certainly, record-level government stimulus coupled with accommodative central bank policies featuring low rates and easy money has helped. Perhaps even more important has been the successful development of vaccines to combat COVID-19. Markets are always forward-looking, and the



David H. Smith, CFA
Managing Director
Marquette Associates



Doug Oest, CAIA
Managing Partner
Marquette Associates

vaccine roll-out offers a road map to economic re-openings, a return to normal for most people, opportunity for robust economic growth, and positive earnings for companies.

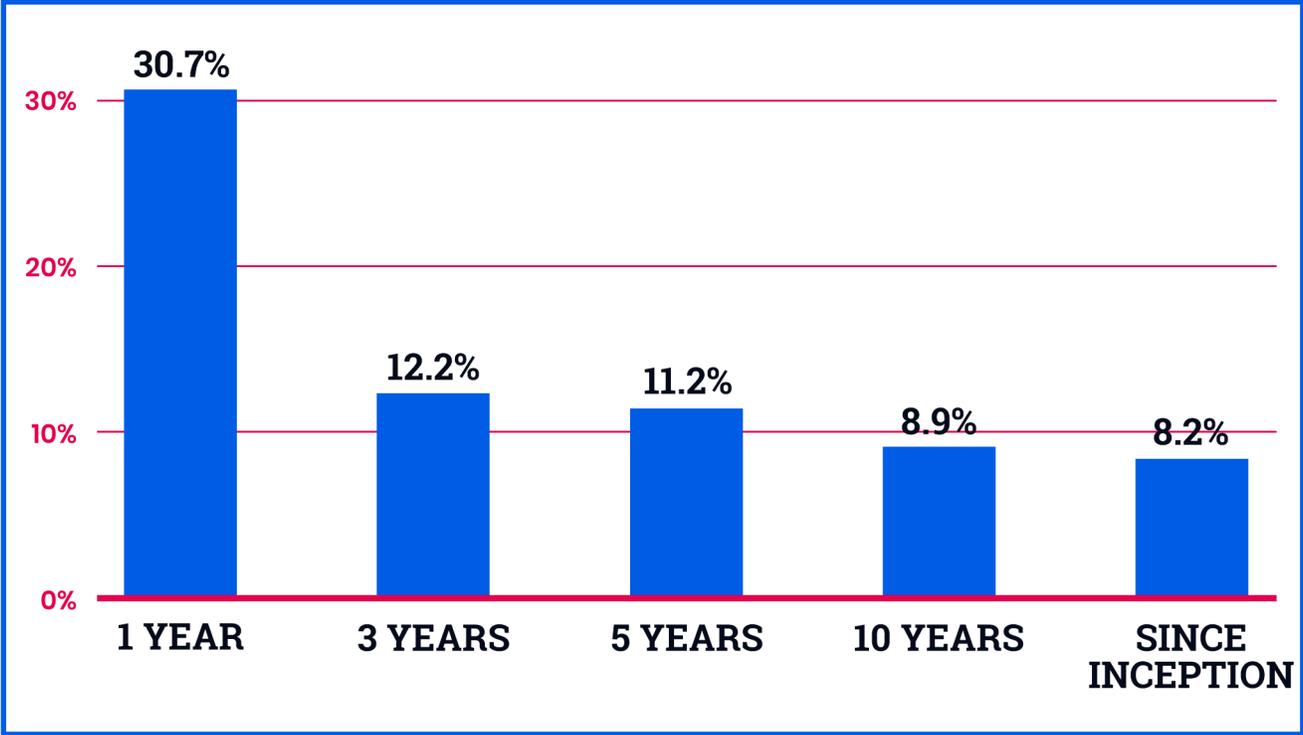
A common term used to describe market trends during this recovery is the “reflation trade,” with reflation defined as an upswing in the economic cycle featuring pick-ups in growth, inflation, and often interest rates. Such a movement typically follows a deflationary period or recession. As of June 30, 2021, most central banks were expected to remain accommodative in terms of keeping rates low to foster further economic recovery, but can only really influence shorter-term interest rates which explains why short-term rates are in still line with previous quarters while longer-duration yields have risen in response to rising vaccination rates and GDP growth.

Over the next fiscal year the movement of interest rates will continue to have an impact on financial markets. To the extent that ongoing supply-chain disruptions and inflation pressures persist, interest rates can potentially move higher which could dampen equity market and fixed income returns. A strong economic backdrop and inflationary pressures have driven a shift in the Federal Reserve’s outlook, with an eye towards tapering their bond purchasing program in 2021. Conversely, further COVID-19 headwinds and slower economic growth could drive rates down and sentiment lower and cause the Federal Reserve to maintain a more accommodative stance that has been supportive to risk assets.

Despite a backdrop of economic uncertainty, inflationary pressures, and potential for rising interest rates we are assured that the MFPRSI portfolio is well diversified across global equity, global fixed income, private markets, and real assets and has a proven track record of withstanding a variety of market conditions. The portfolio offers compelling yield and is well-positioned for asset growth over the long-term.

Performance

as of June 30, 2021



Inception date is January 1, 1992. The 3-years, 5-years, 10-years, and since inception returns are annualized. It is important to note that historical performance is not a guarantee of future performance of the portfolio due to the cyclical nature of markets and the individual components thereof.

Overview

In order to maximize the important role that investment returns play in the funded status of MFPRSI's investment portfolio, the Board has adopted its Investment Policy as its investment guidelines. This document is designed to provide the framework necessary to guide the investment portfolio toward the retirement system's ongoing requirements of the benefit plan. The complete Investment Policy is available on MFPRSI's website, www.mfprsi.org.

MFPRSI's overall investment performance goal is to exceed an annualized actuarial assumed rate of return of 7.5 percent over a long-term time horizon. The actuarial assumed rate of return is the rate of return which will meet or exceed the benefits and administrative funding requirements of the retirement system. While the investment portfolio will exceed or fall short of that goal in shorter time periods, it is designed to withstand all market environments and out-pace the actuarial assumed rate of return over the long term.

MFPRSI's investments are managed by professional investment management firms who have full discretion to direct the investment and reinvestment of the assets in their respective accounts in accordance with MFPRSI's investment policies, applicable to federal and state statutes and regulations, and the executed and detailed investment management agreements.

The net investment market values reported in this section differ from those shown in the Financial Statements and Actuary sections of this report. The values used in this section are the appropriate industry standard basis for investment return calculations.

Asset Allocation and Diversification

Asset allocation is a process designed to construct an optimal long-term mix that achieves a specific set of investment objectives. The Board's Investment Policy establishes the retirement system's asset allocation policy to meet those objectives. The asset allocation policy is adopted to provide diversification of assets in order to maximize returns within appropriate levels of market and economic risks.

MFPRSI pursues diversification in the investment portfolio by varying its investment assets and style. The success of any individual investment style tends to be cyclical, and diversification of assets within the investment portfolio enhances the potential to achieve MFPRSI's long-term goal of meeting a 7.5 percent annualized actuarial assumed rate of return.

Risk

Investing in any asset involves the possibility that the asset's actual return will differ from its expected return. Investment risk can be defined as the potential occurrence of a loss relative to the expected return on investment.

Risk is a vital element when determining the forecast of an investment. MFPRSI and Marquette carefully consider investment risk when implementing its investment strategy. The investment portfolio is tasked with achieving a long-term 7.5 percent actuarially assumed rate of return. In order to do so, the investment portfolio must take on risk as simply investing in low-risk or no-risk assets would make it difficult for the investment portfolio to achieve its 7.5 percent benchmark. Therefore, a moderate amount of risk must be accepted in order to surpass the actuarial assumed rate of return.

One common tool to measure risk is standard deviation which is a statistical measure of the amount an investment's returns differ from the mean of its returns. The lower the standard deviation, the closer an investment's actual returns tend to be to its average returns, and the higher the standard deviation, the further its actual returns tend to be from its average returns.

In its measurement using data as of December 2020, Marquette reported the retirement system's expected 10-year volatility for its investment portfolio at 10.41 percent. This is the level of uncertainty the retirement system accepts in order to achieve its actuarial assumed rate of return. This is a relatively low-risk expectation given the task of building an investment portfolio is to provide annual returns of 7.5 percent.

MFPRSI and Marquette regularly review the investment portfolio's level of risk and will make changes as necessary to mitigate the investment portfolio's risk profile. This is done as part of the Board's commitment to being a sound retirement system.

Types of Assets

The retirement system's overall investment portfolio is separated into three main categories:

Private Markets

The fund may hire various investment managers who invest in private market opportunities, including but not limited to venture, buyout, opportunistic, secondary market, credit and debt-related, and direct investment. These opportunities will consist of investing in private companies that do not offer equity and fixed income securities on public markets.

MFPRSI may from time to time invest in real assets, which includes, but is not limited to core and non-core real estate, infrastructure, commodities, or energy-related investments. Real assets may be domestic or international, and may be either liquid, marketable investments, private market investments, or debt-related investments. Other than such property as it may elect to purchase and occupy for use as administrative offices, MFPRSI will not invest directly in real estate as either an equity owner or lender.

Core Portfolio

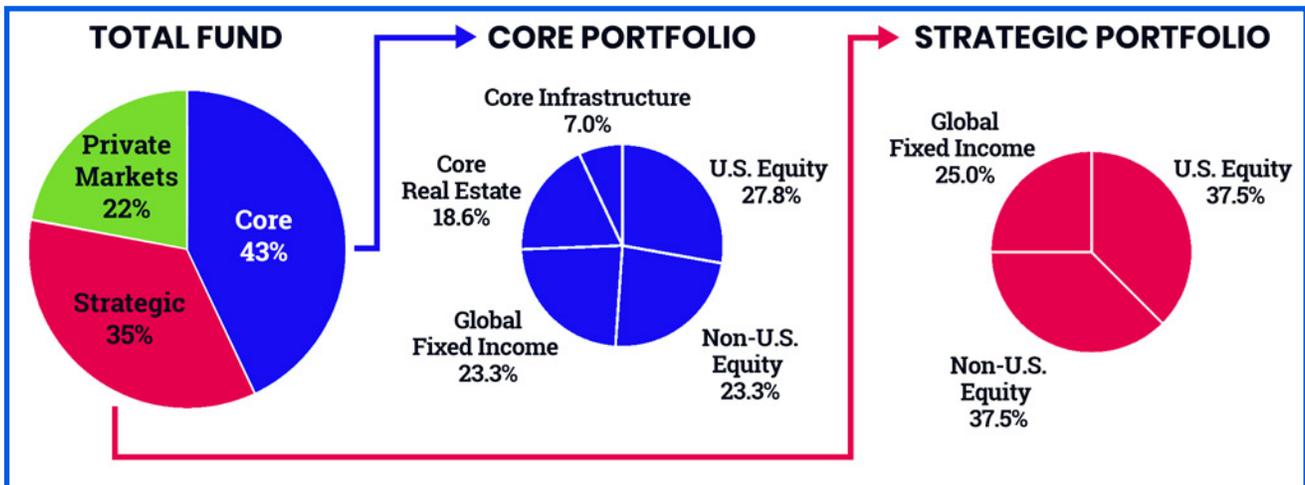
The Core Portfolio is comprised of a diversified mix of global public equity, fixed income, core real estate and infrastructure portfolios. The aggregate Core Portfolio's allocation and underlying investment manager makeup are determined by the Board, with the intention of out-performing a specified composite index on both an absolute and risk-adjusted basis and over a full market cycle. The composite index is currently weighted 50 percent to global equity, 24 percent to fixed income, 19 percent to real estate and 7 percent to infrastructure. This index is also determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time.

Strategic Portfolio

The Strategic Portfolio is comprised of multi-asset investment managers that invest in global securities, including but not limited to: public debt and equity, real assets, private market investments, currencies, derivatives, and cash. The intent of the Strategic Portfolio is to outperform a specified composite index on both an absolute and risk-adjusted basis over a full market cycle. The composite index is currently weighted 75 percent to global equity and 25 percent to fixed income. This index is determined and reviewed by the Board in an attempt to meet or exceed the retirement system's actuarial rate of return over time. Individual managers in the Strategic Portfolio are granted the flexibility to tactically adjust their underlying asset allocations to take advantage of market opportunities they believe will benefit the retirement system.

Investment Allocations

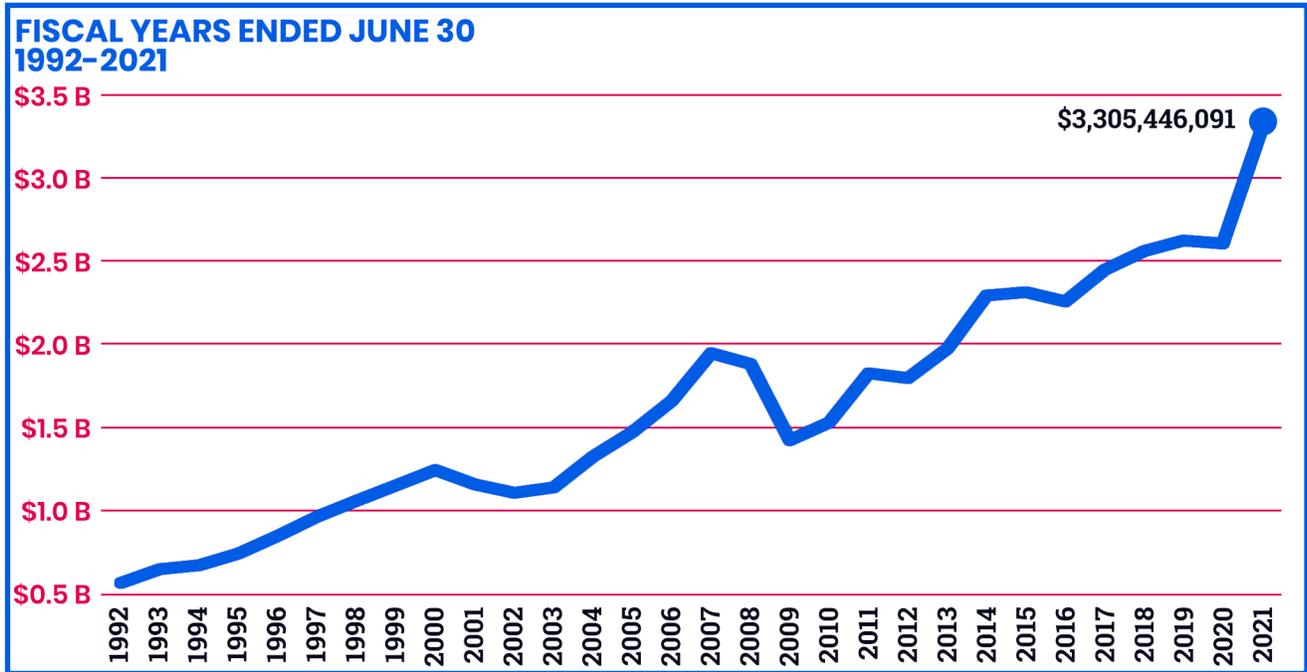
Total Fund Asset Class	Portfolio Target Percentage	¹ Core Portfolio Asset Class	Portfolio Target Percentage	² Strategic Portfolio Asset Class	Portfolio Target Percentage
Core Portfolio ¹	43%	U.S. Equity	27.8%	U.S. Equity	37.5%
Strategic Portfolio ²	35%	Non-U.S. Equity	23.3%	Non-U.S. Equity	37.5%
Private Markets	22%	Global Fixed Income	23.3%	Global Fixed Income	25.0%
Total	100%	Core Real Estate	18.6%	Total	100.0%
		Core Infrastructure	7.0%		
		Total	100.0%		



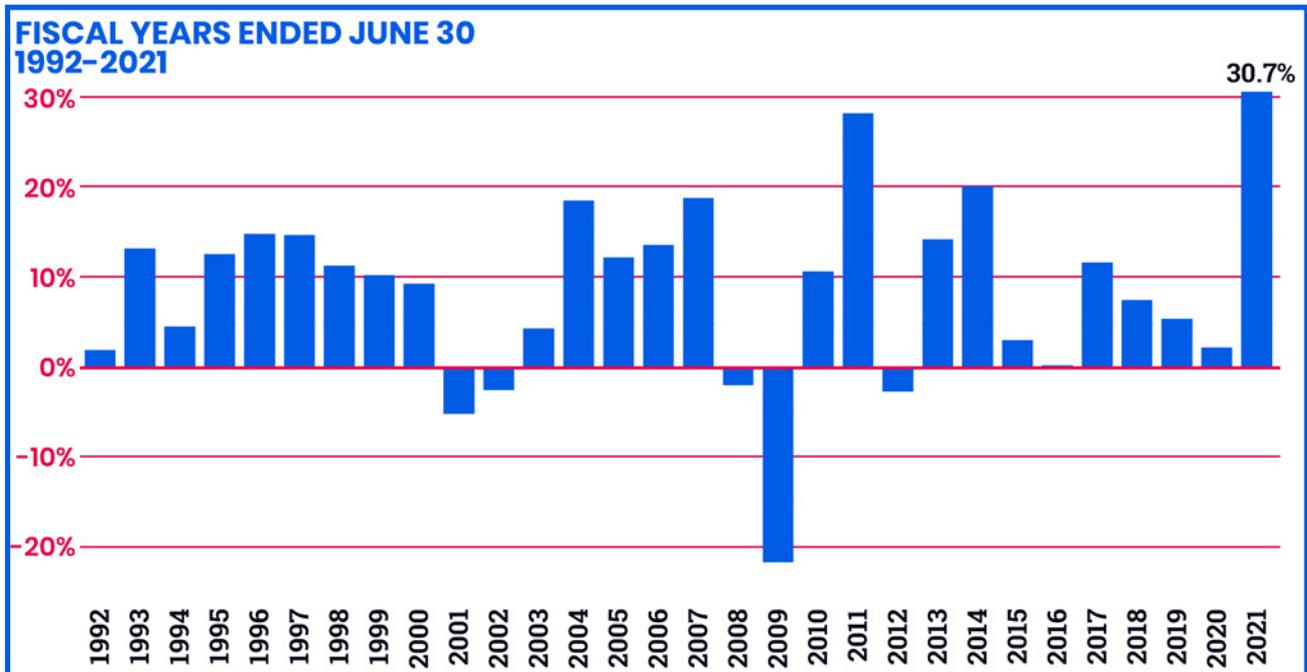
Caveats:

1. In the absence of suitable opportunities within a specific market, the funds shall be directed to the other components within the debt or equity category. Due to the fluctuation of market values, positioning within ± 5 percent of the target shall constitute compliance with the policy.
2. A review of the allocation policy shall occur periodically to allow the Board of Trustees to consider the effect of any changes in market conditions or of the expectations for the retirement system.

Growth of Net Investment Portfolio Assets



Annual Investment Returns



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**Description of Benefit Plan
Optional Forms of Retirement
DROP – Deferred Retirement Option Plan
Membership Data**

BENEFITS

BENEFITS

Description of Benefit Plan

Benefit formulas are established by Iowa Code Chapter 411, and revisions to the benefit program can only be instituted by the Iowa General Assembly. The Board and staff are required to administer retirement benefits in compliance with the statutory provisions. Questions concerning an individual's eligibility should be directed to the administration.

Retirement Age

To qualify for a full service retirement, the member must be age 55 or older with a minimum of 22 years of service at termination of employment. Death and disability benefits do not have specific age or length of service requirements. Retirement under the ordinary disability or accidental disability programs of MFPRSI are available to members who become permanently disabled (while there are no age or length of service requirements, "permanently disabled" is defined as a duration of one year or longer) while employed as a firefighter or police officer.

Benefit Amounts

Current benefit amounts are based upon a percentage of the member's average monthly earnable compensation. The average monthly earnable compensation is calculated by adding the member's earnable compensation for the highest three years of service and dividing it by 36. The percentage multiplier varies by type of retirement and the length of the member's service. For service retirements, the benefit percentage is 66 percent with 22 years of service and 82 percent with 30 years of service.

Refund of Contributions

Since July 1, 1990 members who terminate service, other than by death or disability, may withdraw their contributions in total from their date of hire through their termination date. If a member withdraws contributions, the member waives any claim to benefits for the period of membership for which the withdrawal is made.

Members who terminate service also have the option to rollover the eligible portion of their refund to another qualified retirement plan or to an individual retirement account (IRA). Such rollovers must be approved in advance by MFPRSI. The contributions being withdrawn are credited with an annualized simple interest rate determined by the Board, currently set at 5 percent.

Vesting

When a member earns at least 4 years of credited service or reaches age 55 while performing membership service, the member becomes vested in the retirement system. Once vested, the member is entitled to a monthly benefit.

Optional Forms of Retirement

Members retiring through a service or vested service retirement have the opportunity to select either the “basic benefit” as provided by Chapter 411, or one of six optional forms of benefits. The basic benefit is a lifetime benefit based on the member’s average monthly compensation and number of years of service. Each option is actuarially adjusted and based on the basic benefit.

1. **The Basic Benefit** – The member’s spouse is entitled to 50 percent of the gross benefit at the time of the member’s passing, but not less than 20 percent of the average earnable compensation of the active membership as reported by the actuary.

Please visit www.mfprsi.org for more information about the basic benefit.

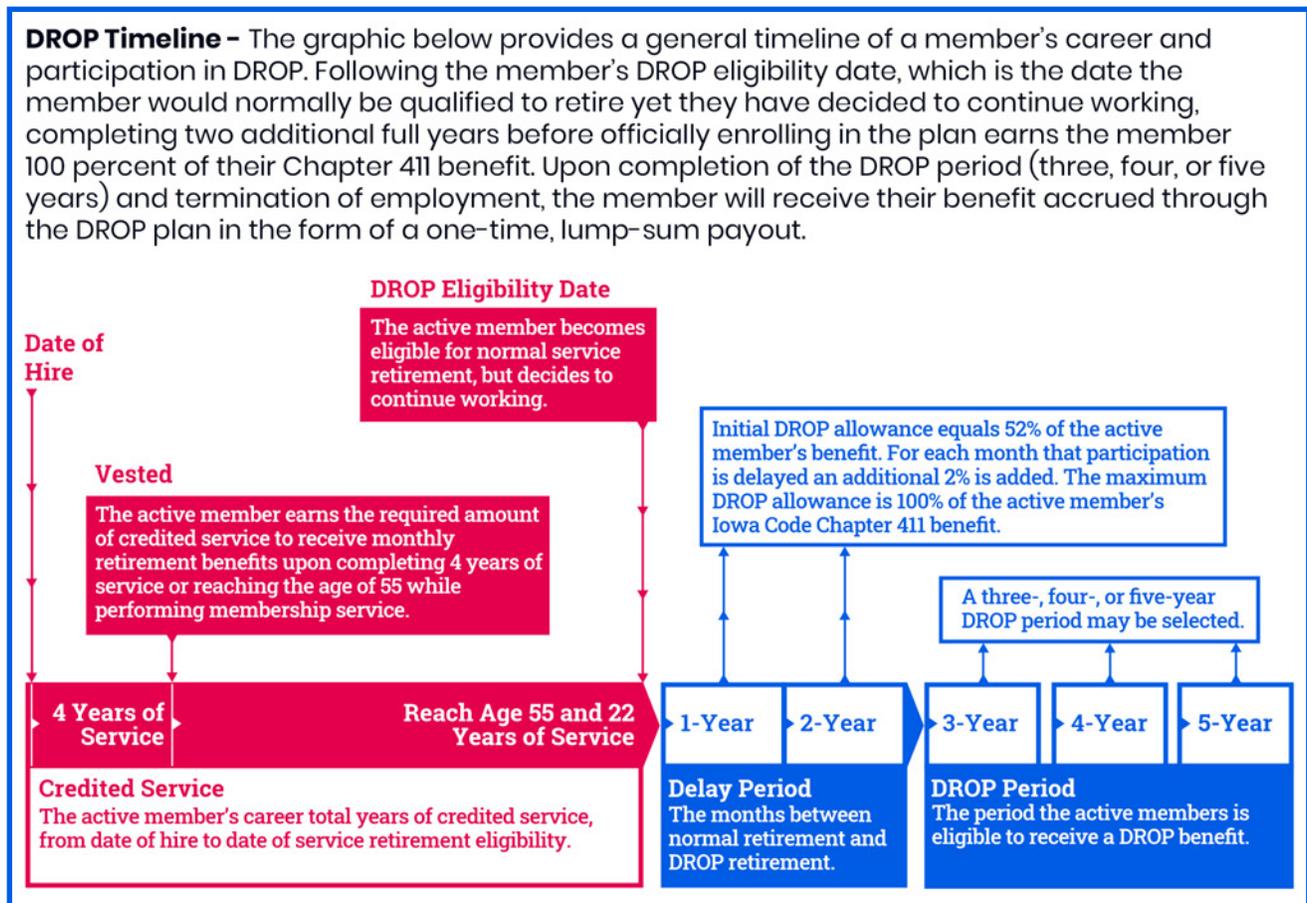
The optional forms of benefits below are calculated using actuarial tables which consider the age of the member at retirement, the age of the member’s beneficiary, and the assumed life expectancy of both. The beneficiary receives this amount for his or her lifetime.

2. **Joint & 75 Percent Survivor Annuity** – The designated beneficiary receives 75 percent of the gross amount of the member’s retirement at the time of the member’s passing. If the beneficiary passes before the member, then the benefits end upon the member’s passing.
3. **Joint & 75 Percent Survivor Annuity with Pop-Up** – The designated beneficiary receives 75 percent of the gross amount of the member’s retirement at the time of the member’s passing. Should the beneficiary pass before the member, the benefit will increase to the amount of the basic benefit and no survivor benefit is payable following the member’s passing.
4. **Joint & 100 Percent Survivor Annuity** – The designated beneficiary receives 100 percent of the gross amount of the member’s retirement at the time of the member’s passing. If the beneficiary passes before the member, then the benefits end upon the member’s passing.
5. **Joint & 100 Percent Survivor Annuity with Pop-Up** – The designated beneficiary receives 100 percent of the gross amount of the member’s retirement at the time of the member’s passing. Should the beneficiary pass before the member, the benefit will increase to the amount of the basic benefit and no survivor benefit is payable following the member’s passing.
6. **Single-Life Annuity with Designated Lump Sum** – The designated beneficiary receives a one-time, lump-sum payment upon the passing of the member. If the beneficiary passes prior to the member, the lump sum is paid to the member’s estate.
7. **Straight-Life Annuity** – Following the member’s passing, no further benefits are payable.

DROP - Deferred Retirement Option Plan

Active members, at least 55 years old with 22 or more years of service, have the option to participate in DROP (Deferred Retirement Option Plan). This program is an arrangement for members who are otherwise eligible to retire and begin benefits, but continue working. Members can elect a three-, four-, or five-year DROP period. Members will sign a contract indicating they will retire at the end of the selected DROP period by electing to participate in the program.

During the member's DROP period the member's retirement benefit is frozen and a DROP benefit is credited to an account established for the member. The DROP benefit is equal to 52 percent of the member's retirement benefit at the member's earliest date eligible and 100 percent if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed in the form of a lump sum or rolled over to an eligible plan.



Membership Data

Retirement System Membership Profile

	As of July 1, 2021	Year Over Year Increase/ (Decrease)
Active members		
Number	4,107	23
Average age (in years)	40.4	(0.4)
Average past service (in years)	13.2	(0.3)
Average annual compensation	\$82,041	\$1,759
Non-active members in pay status		
Number	4,285	95
Average age (excluding children)	70.1	0.0
Average annual benefit	\$44,987	\$1,430
Non-active members with deferred benefits		
Number*	415	40
Average age	43.7	(0.5)
Average annual benefit	\$20,540	\$1,081

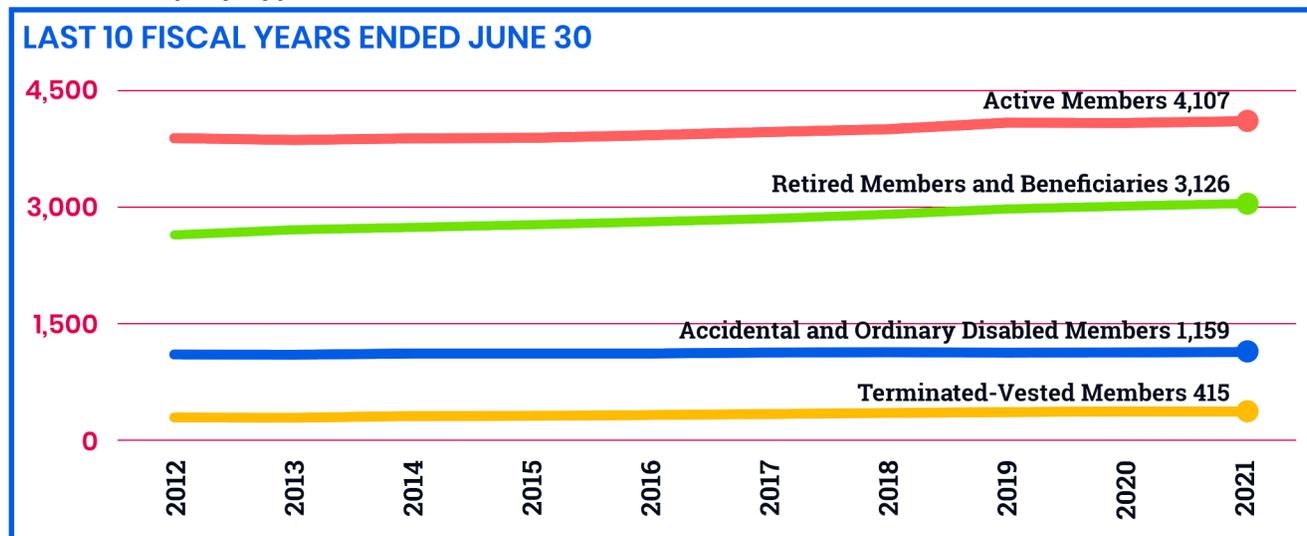
*Excludes 84 terminated non-vested members in 2021 and 65 terminated non-vested members in 2020 who had not received a refund of contributions as of the end of the fiscal year.

Participating Cities

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

*Police department only.

Membership by Type



Benefits by Type

Service Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
55 - 59	164	\$10,965,768	\$66,864
60 - 64	271	18,207,000	67,185
65 - 69	393	25,581,756	65,094
70 - 74	370	22,904,928	61,905
75 - 79	249	14,045,832	56,409
80 - 84	168	8,389,884	49,940
Over 84	123	5,042,820	40,999
Total	1,738	\$105,137,988	\$60,494

Accidental Disability Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	13	\$571,884	\$43,991
40 - 49	67	2,964,024	44,239
50 - 59	176	9,258,888	52,607
60 - 69	300	15,661,956	52,207
70 - 79	286	13,571,436	47,453
Over 80	116	4,863,948	41,931
Total	958	\$46,892,136	\$48,948

Ordinary Disability Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	8	\$229,644	\$28,706
40 - 49	34	1,246,380	36,658
50 - 59	45	1,975,680	43,904
60 - 69	53	2,460,276	46,420
70 - 79	49	2,014,320	41,109
Over 80	12	445,884	37,157
Total	201	\$8,372,184	\$41,653

Beneficiary (Spouse) Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 50	25	\$771,900	\$30,876
50 - 59	44	1,246,080	28,320
60 - 69	155	4,356,000	28,103
70 - 79	275	7,215,156	26,237
Over 80	402	9,326,844	23,201
Total	901	\$22,915,980	\$25,434

Beneficiary (Children) Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 12	7	\$49,392	\$7,056
12 - 17	13	86,028	6,618
18 and Over	28	187,620	6,701
Total	48	\$323,040	\$6,730

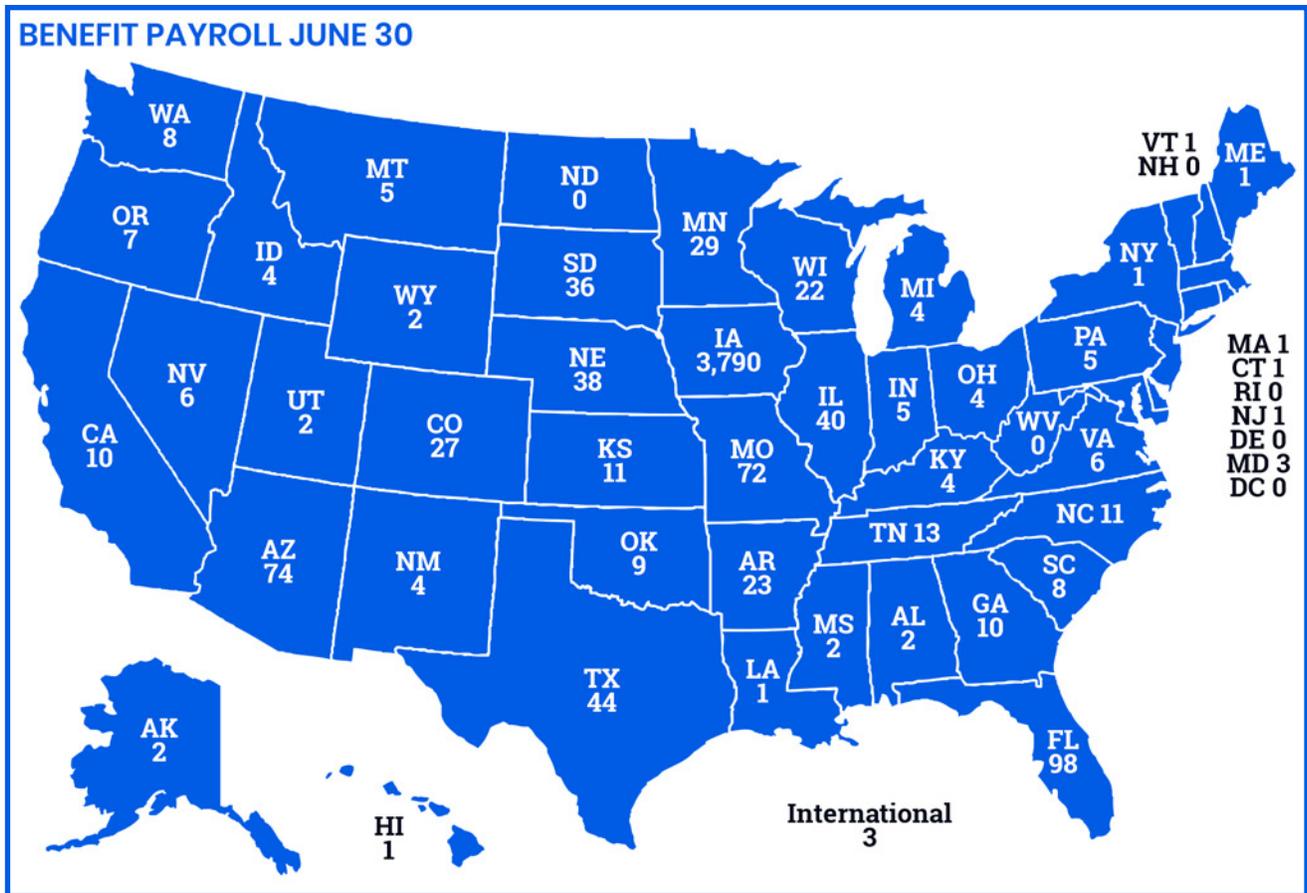
Vested Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 60	98	\$2,633,964	\$26,877
60 - 69	202	4,337,904	21,475
70 - 79	113	1,907,868	16,884
80 and Over	26	247,968	9,537
Total	439	\$9,127,704	\$20,792

Terminated-Vested Benefits

Age	Number	Total Annual Benefit	Average Annual Benefit
Under 40	131	\$1,853,352	\$14,148
40 - 49	161	3,282,336	20,387
50 and Over	123	3,388,380	27,548
Total	415	\$8,524,068	\$20,540

Number of Benefit Payments to Members by U.S. State



The map above illustrates the number of benefit payments made to members with mailing addresses residing in the individual states and internationally as of June 30, 2021. Approximately 99% of all monthly benefit payments are done via ACH.

Preparation of Annual Report

The preparation of this report and financial statements were the result of the combined efforts of the retirement system's staff under the direction of the Executive Director, Assistant Director/Chief Operating Officer, and Deputy Chief Investment Officer.

MFPRSI's annual report for fiscal year 2021 was prepared by MFPRSI staff using data gathered from various sources including MFPRSI's actuarial services provider, SilverStone Group, investment consultant, Marquette Associates, and communications consultant, Wixted & Co. The stories on pages 10-15 were written by Jill Johnson, communications advisor with Wixted & Co.

The firm of Eide Bailly, LLP, conducted an audit for the period ending June 30, 2021. A copy of the audit report has been provided to each of the employing cities and is viewable at www.mfprsi.org. Copies of the report are also available at MFPRSI's office in West Des Moines, Iowa.

This report is intended to provide reliable information as a basis for management decisions, legal compliance, and stewardship of the retirement system's assets. The Board and staff appreciate the efforts extended by city officials as well as the support given to MFPRSI by the active and retired memberships and city representatives.

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