



IOWA PROFESSIONAL FIRE FIGHTERS

1231—8th Street, Suite 240
West Des Moines, Iowa 50265

Public Retirement Systems Committee

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The Iowa Professional Fire Fighters Association (IPFF) represents career fire fighters and professional emergency medical personnel (EMS) throughout the State of Iowa. We have prepared the following outline of our issues for your consideration during the 2006 Iowa Legislative Session.

Chapter 411

Municipal Fire & Police Retirement System of Iowa

1. Contribution Rates

- **Maintain current contribution amounts**
- **17 % minimum for the Cities**
- **9.35 % for the Members**
- **411 includes workers compensation as a “self contained” system and therefore the Cities do not have to pay extra for workers compensation coverage for fire fighters & police officers**
- **Cities retained all the excess funds in 1992 when the statewide system was established which amount to approximately \$80 million dollars. They are or have been using this money to pay only their portion of the contribution rates**
- **Excess funds, by law, could have been used for both the Cities and the Member’s contributions, but the Cities kept all the money to use only for their contributions**
- **Fire fighters & police officers under 411 are not covered by Social Security and therefore the Cities do not pay employment tax for Social Security**
- **Cities’ contribution rate for 411 is a tremendous bargain when you consider the cost of workers compensation is included in the system and the Cities do not pay social security tax**

2. DROP Plan (deferred retirement option plan)

- Support legislation to adopt a DROP Plan option for 411 members
- IPFF and the Police Association (ISPA) have been working with the MFPRS and their actuary to develop a no-cost DROP Plan
- Proposed DROP Plan has no additional cost for MFPRS, cities, or the members
- DROP Plan is only an option for the members and does not require member participation
- Proposed DROP Plan has benefits for the Cities including being able to do long term budget planning
- DROP Plan will help members to pay the high cost of health insurance premiums

3. Increase Maximum Pension to 90%

- One of our priorities.
- Increase only when funding is available to do so.
- 74% base and 2% multiplier
- 411 members do not receive social security as fire fighters or police officers
- Early retirement places a major burden on the Members to pay the high cost of health insurance until Medicare age
- Need to consider changing the accounting methods or actuarial formula for the MFPRS to help the system, accomplish this goal, and to reduce liabilities

4. Clarify Language in 411.15

- Language was adjusted a few years ago to allow the Cities to fund the cost of on-the-job injuries through various funding methods.
- Language was not adjusted to allow the Cities to charge job injury cost to the Member's health insurance plan
- Some Cities are misinterpreting the language and the intent of the previous change in the law
- Language needs to be clarified so that it does not allow a City to charge these costs to the Member's health insurance

On behalf of the Iowa Professional Fire Fighters Association I want to thank you for your consideration of our issues and the opportunity to make this presentation before the Public Retirement Systems Committee.

Sincerely,

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411 Retirement Calculation Example

Earnable compensation average: \$ 45,000

Retirement amount at 66%: \$ 29,700
Minus health insurance premiums: - 12,000

Net retirement income before taxes = \$ 17,700

Retirement amount at 82%: \$ 36,900
Minus health insurance premiums: - 12,000

Net retirement income before taxes = \$ 24,900