

MEETING NOTES

Voluntary Statewide Volunteer Firefighter Retirement Plan Advisory Board

Date: 08/06/09

Time(s): 1:00 – 3:00

Location: Board Room

Attending: Daniel Greensweig, MN Assn. of Townships; Jeff Sanborn, Fire Chief, Crane Lake; Rose Hennessy-Allen, State Auditor's Office; Calvin Larson, City Rep; Marty Scheerer, City Rep; Nyle Zikmund, Firefighter Rep; Anne Finn, League of MN Cities; Larry Martin, LCPR Staff; Howard Bicker, SBI; Teri Richardson, SBI; Mary Most Vanek, PERA Staff; Mary Daly, PERA Staff; Dave DeJonge, PERA Staff

A. Meeting Rules

The Board is content having staff chair meetings. PERA staff will prepare and distribute the agenda, prepare minutes, and set up the meetings. Either Mary or Dave will chair the meetings. Decisions at the meetings are to be made by consensus. In cases where the group can not come to consensus, a motion may be made to allow a majority ruling on a specific issue. Rose will see if she has an example of how this is done in another advisory group.

B. Asset Allocation

State Board of Investment staff provided a handout showing 7 asset allocation scenarios and the expected return and standard deviation associated with each scenario. While it is important to maximize returns, it is also important to invest conservatively to preserve the asset base in each account. Many relief associations are risk averse, and may be nervous investing in higher risk assets. It was decided the Volunteer Firefighter Plan would be invested 35% in domestic equities; 15% in international equities; 45% in bonds; and 5% in cash. SBI will handle all of the investments, and will balance the portfolio on a regular basis.

C. Communication

While the new Plan is promoted on our website, advocacy for the Plan lies with various statewide associations rather than with PERA. Those groups may want to include information about the new plan in their newsletters and at their conferences. The League of Minnesota Cities will look into adding information to their employer tool kit, and Anne will provide a copy of the information to Dan. The State Auditor's Office has offered to add information in their monthly and/or weekly updates. PERA will work on a document that spells out the process for joining the plan. They will add a FAQ to the website, and provide information about the pros and cons of joining the new plan.

The State Auditor's Office has fielded several calls. One of the questions being asked is when relief associations would be able to stop filling out and sending information to their Office. In accordance with 69.051, since relief associations join the statewide plan on January 1st, relief associations will need to prepare financial reports in the year in which they join the statewide plan, covering the special fund for the previous fiscal year.

D. Legislative Changes in 69 and 424A

Rose recommended some places in statute that need to be cleaned up. She referenced 69.051 subd. 3 and 424A.08 as two specific examples. Those are not PERA's sections of statute, so the State Auditor's Office will work with the LCPR to draft legislation cleaning up those sections.

E. Disability Benefit

Disability benefits are spelled out in relief association bylaws, but the definition of disability is not very clear. As legislation is drafted to add a disability benefit to the plan, the group wants to make sure the following questions are asked:

- Should disability benefits only be paid if the disability is an in-line-of-duty disability?
- Is a training session considered "in-line-of-duty"?
- Should mental stress be considered "in-line-of-duty"?
- Would it more efficient and effective to use the benefits provided by the Volunteer Firefighter Benefits Association or another casualty insurance group plan rather than having PERA staff handle disability claims and benefits? The insurance company would be responsible for making disability determinations and paying benefits.

F. Defined Contribution Plan Issues

Existing statutes do not provide for any benefits from the statewide plan during the time before a firefighter is vested in the plan if that firefighter's relief association provided for defined contribution benefits prior to joining the plan. The existing portability clause states a firefighter who is not vested in the new plan but has 5+ years of service between his relief association time and his statewide plan time can get a benefit based on the pension level he was at when he deferred or joined the statewide plan, times the number of years of service. Since defined contribution plans do not define a benefit level, it appears no benefit would be payable before a member vests in the new plan. The group recommended a benefit based on the value in that member's account when he joined the statewide plan, plus 6% "interest" per year as the pre-vesting retirement benefit provided for in the statewide plan. Mr. Martin will draft legislation for the 2010 legislative session.

G. Next Meeting Date

PERA staff will poll the members to find a meeting date in late October.