

Statewide Volunteer FireFighter Plan

Advisory Board 2021 Control Book

Updated September 28, 2021



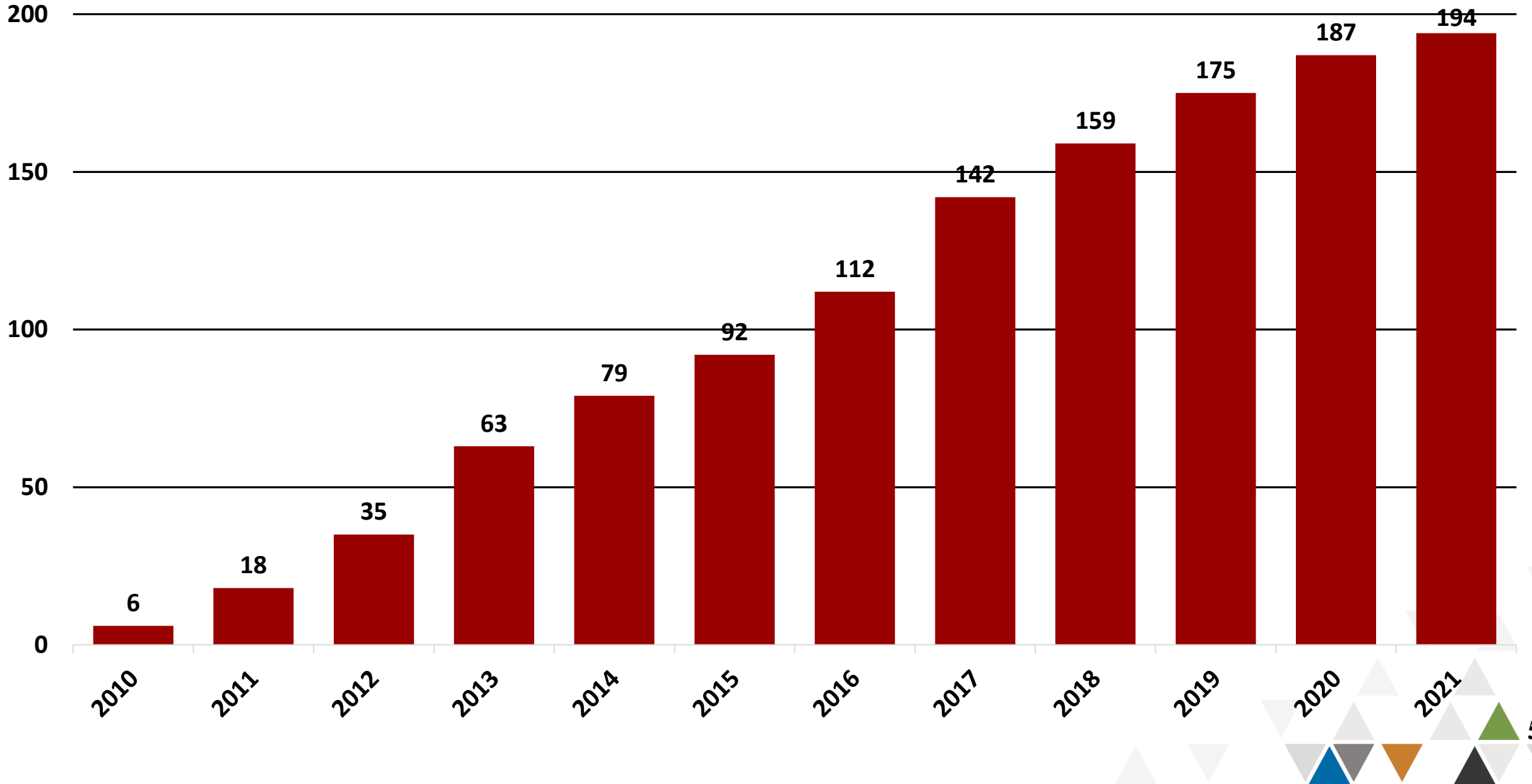
PUBLIC EMPLOYEES
RETIREMENT ASSOCIATION

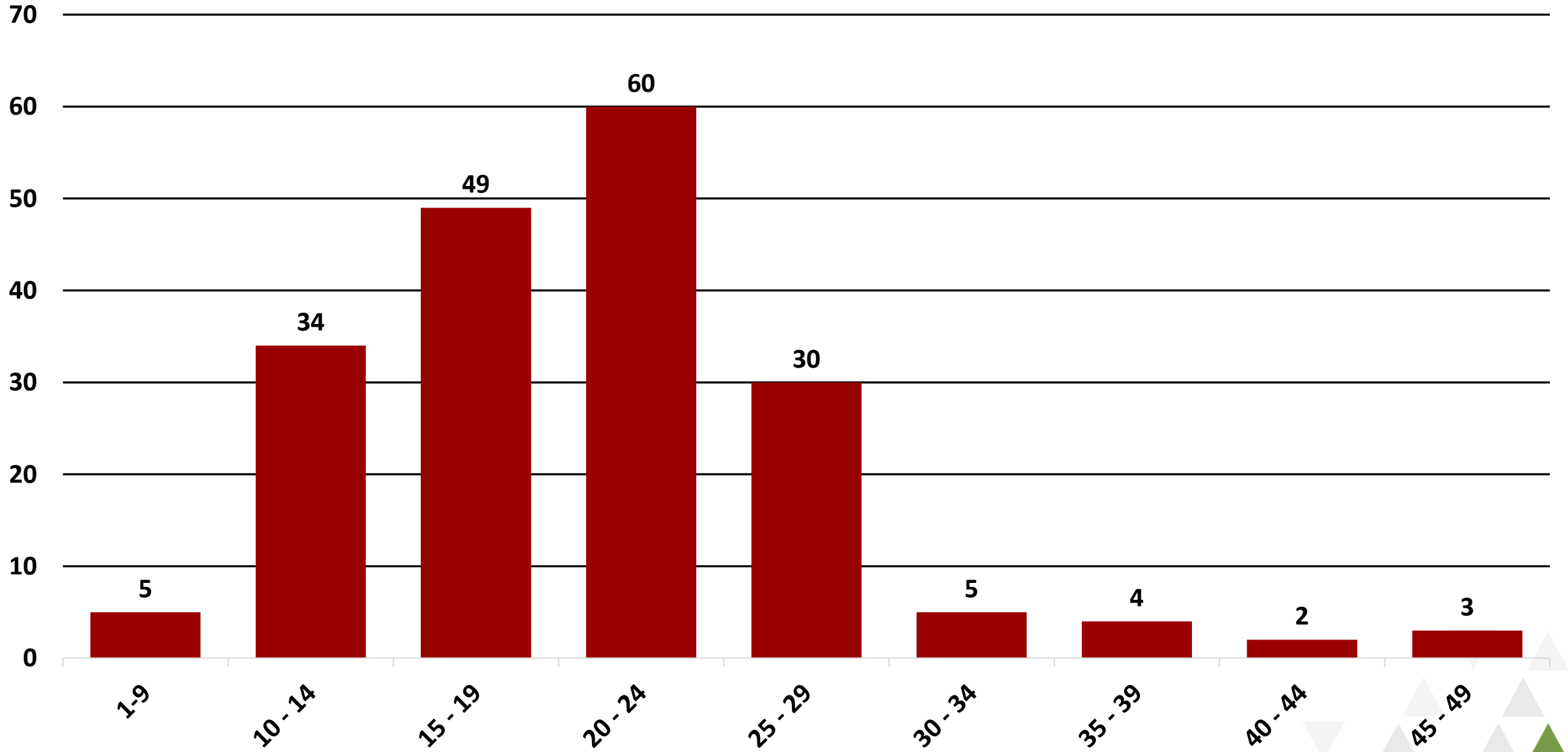
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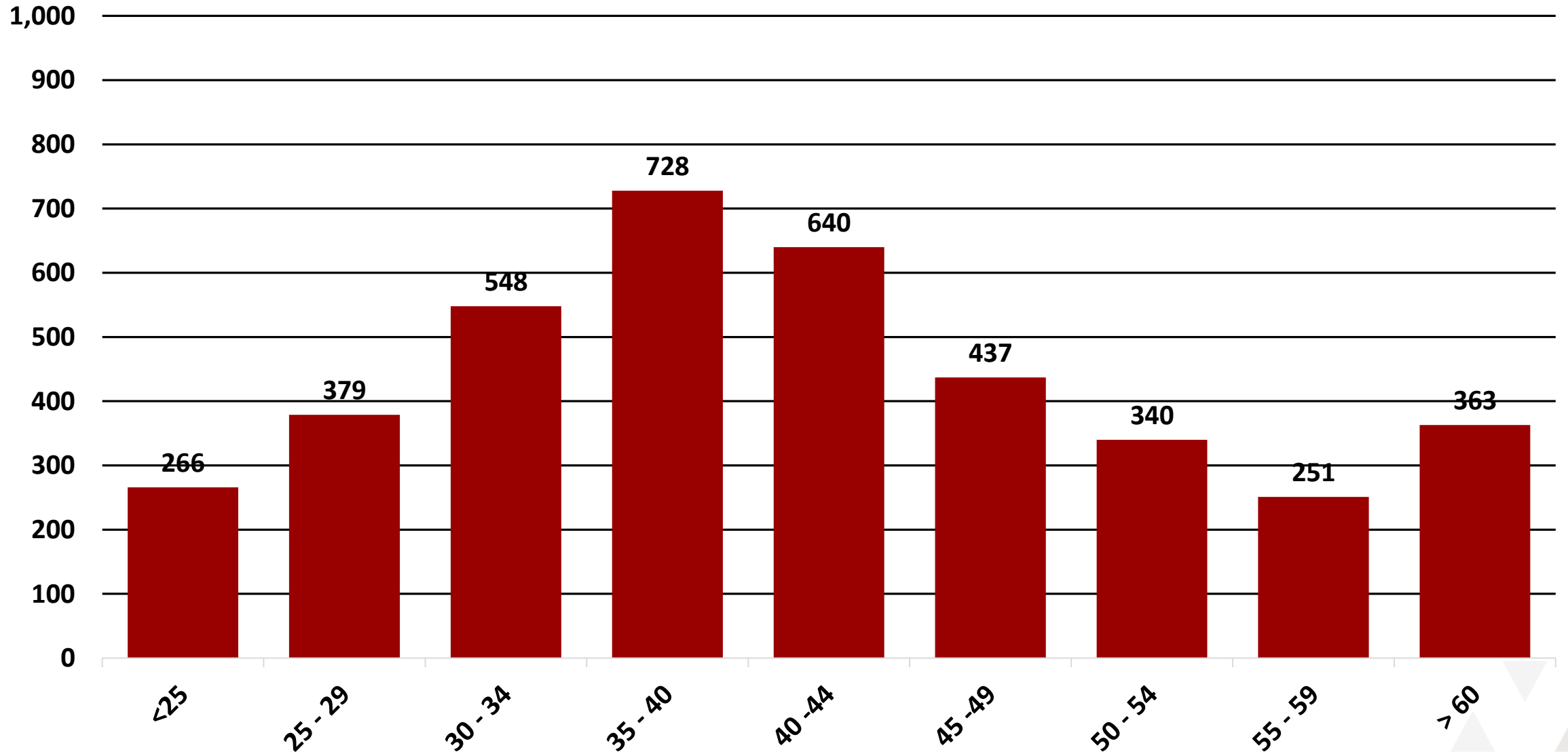
Summary	Explanation
Name	Statewide Volunteer Firefighter Plan Advisory Board
Purpose	The advisory board shall meet periodically to provide advice to the board of trustees of the Public Employees Retirement Association about the retirement coverage needs of volunteer firefighters who are members of the retirement plan and about the legislative and administrative changes that would assist the retirement plan in accommodating volunteer firefighters who are not members of the retirement plan.
Administration	The policy-making, management, and administrative functions related to the Statewide Volunteer Firefighter Plan and fund are vested in the board of trustees and the executive director of the Public Employees Retirement Association. Their duties, authority, and responsibilities are as provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken in a manner consistent with chapter 356A.
Meeting Rules	Per 8/6/09 meeting: The Advisory Board is content having PERA staff chair meetings. PERA staff will prepare and distribute the agenda, prepare minutes, and set up 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.
Plan Advocacy	Advocacy for the Plan lies with various statewide associations rather than PERA.

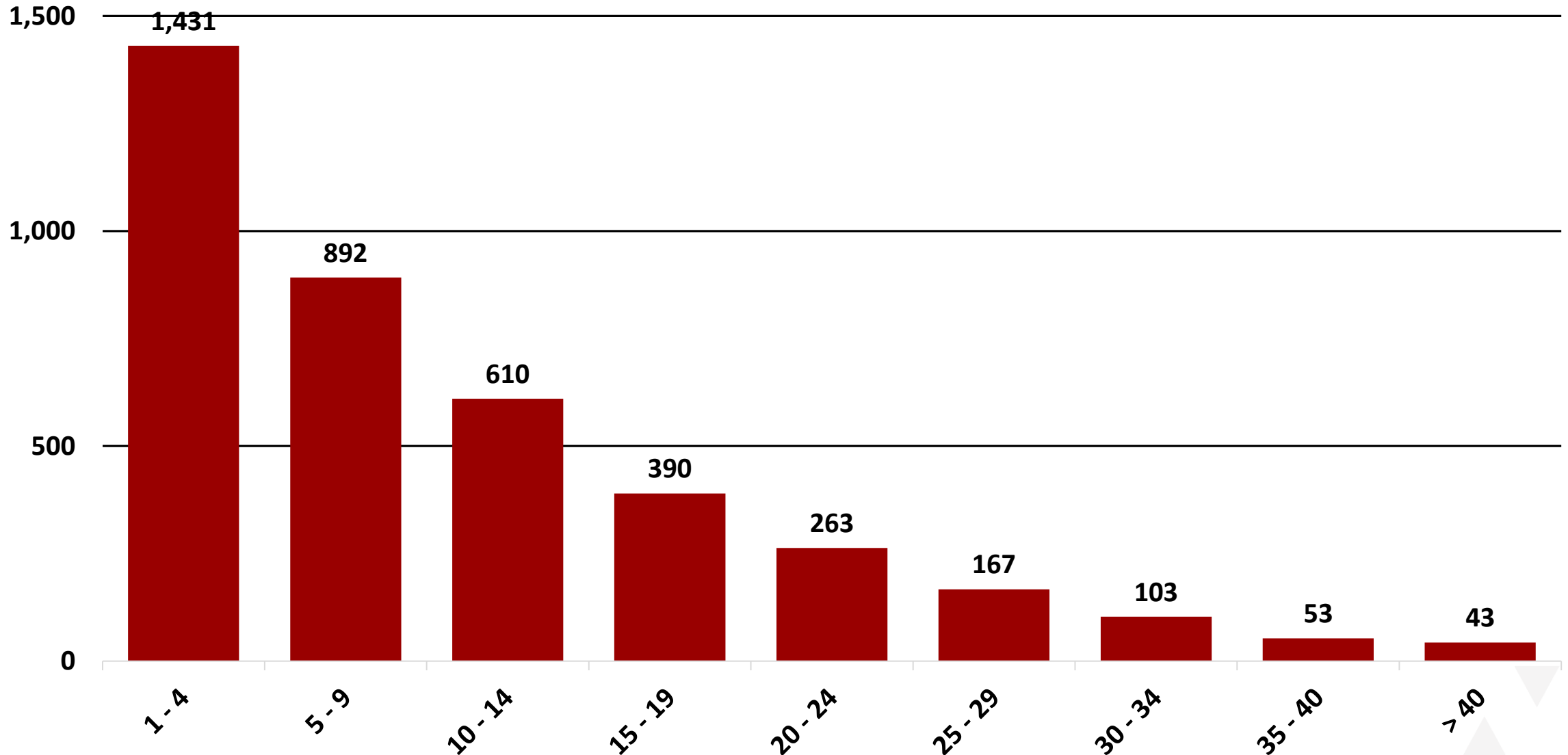
Number	Representing	Requirements	Appointing Authority	Current Members (term end)
1	Townships	Either lump-sum or monthly benefit	Minnesota Association of Townships	Steve Fenske (12/31/23)
2	Cities	Either lump-sum or monthly benefit	League of Minnesota Cities	Anne Finn (12/31/23) Calvin Larson (12/31/21)
1	Fire Chiefs	Must be a fire chief	Minnesota State Fire Chiefs Association	<i>Jeff Sanborn</i> (12/31/20)
2	Volunteer Firefighters	Both must be active, one in lump-sum plan, one in monthly plan	Minnesota State Fire Chiefs Association	<i>Jay Wood</i> (12/31/18) <i>Dan Anderson</i> (12/31/18)
3	Volunteer Firefighters	Must be active and in lump-sum plan	Minnesota State Fire Departments Association	John King (12/31/21) Marc Volk (12/31/23) Justin Nielsen (12/31/23)
1	Office of the State Auditor		State Auditor	Rose Hennessy-Allen

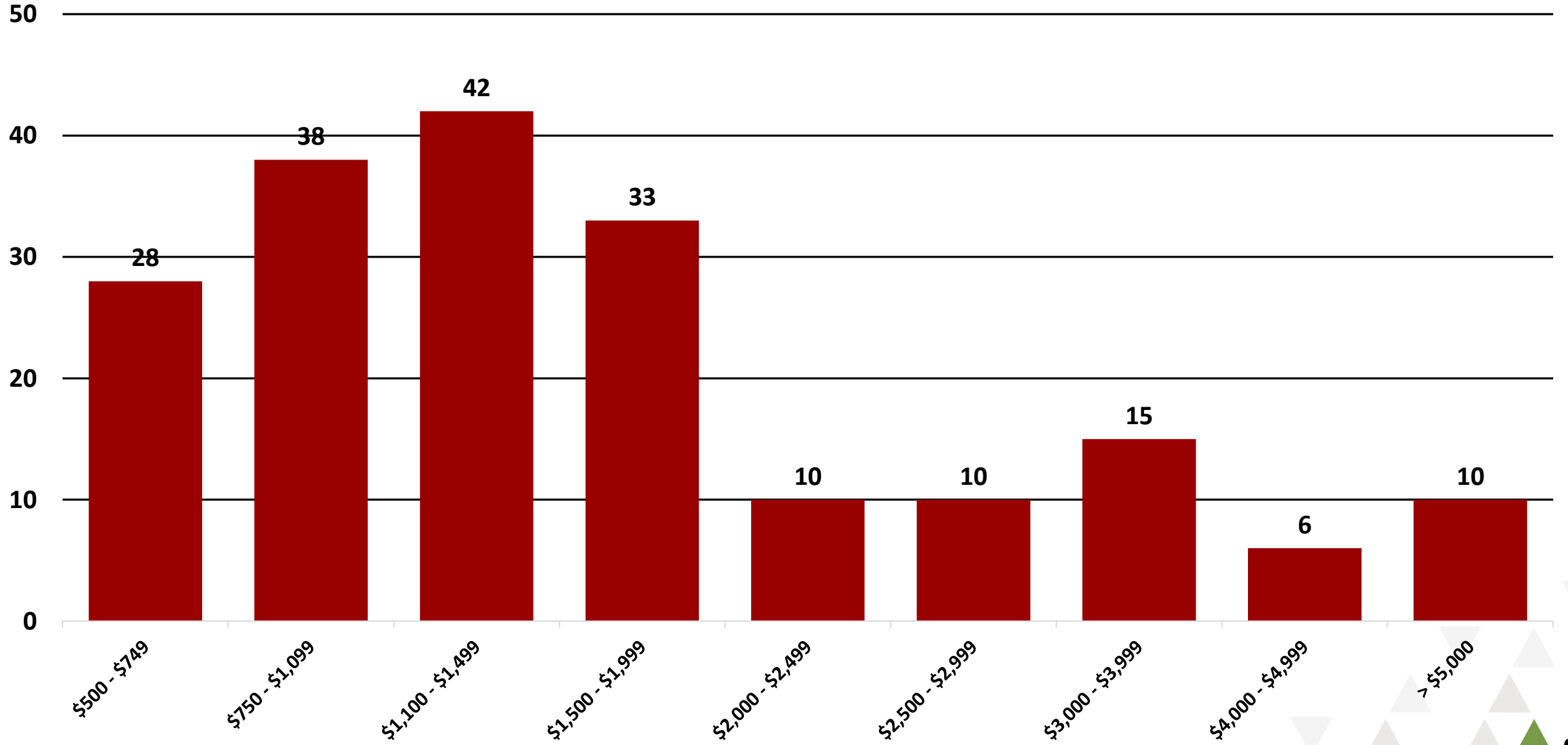
* Terms on the advisory board other than the Office of the State Auditor representative are three years.



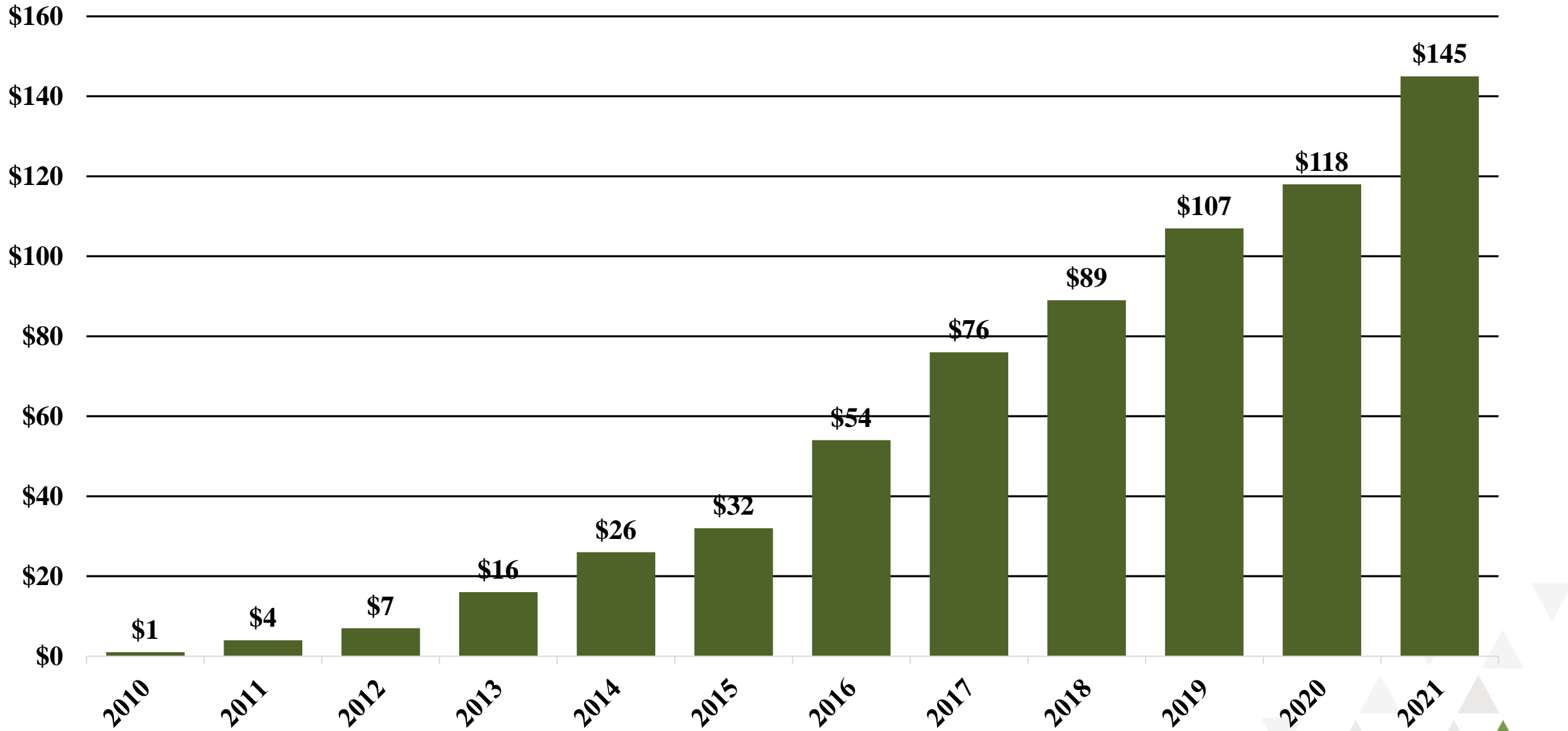


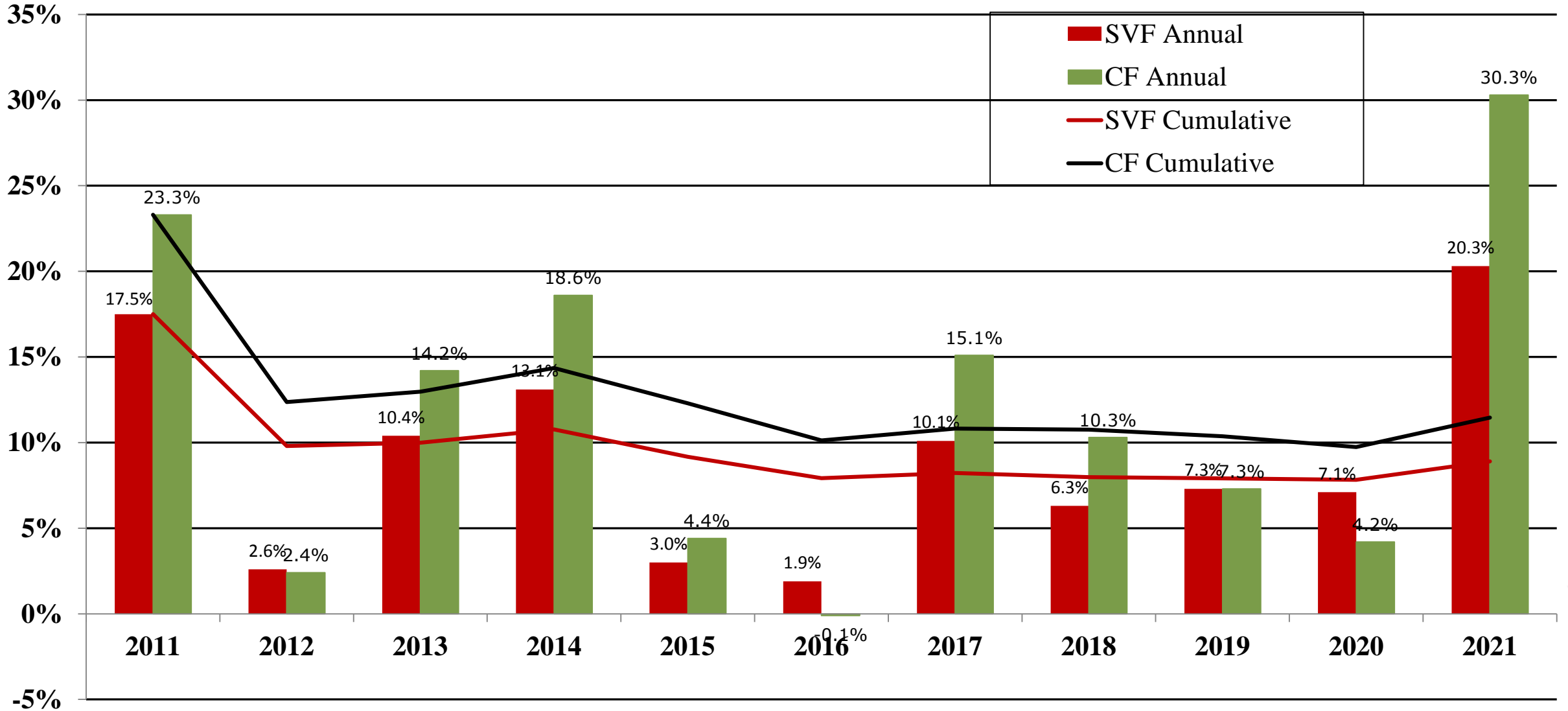






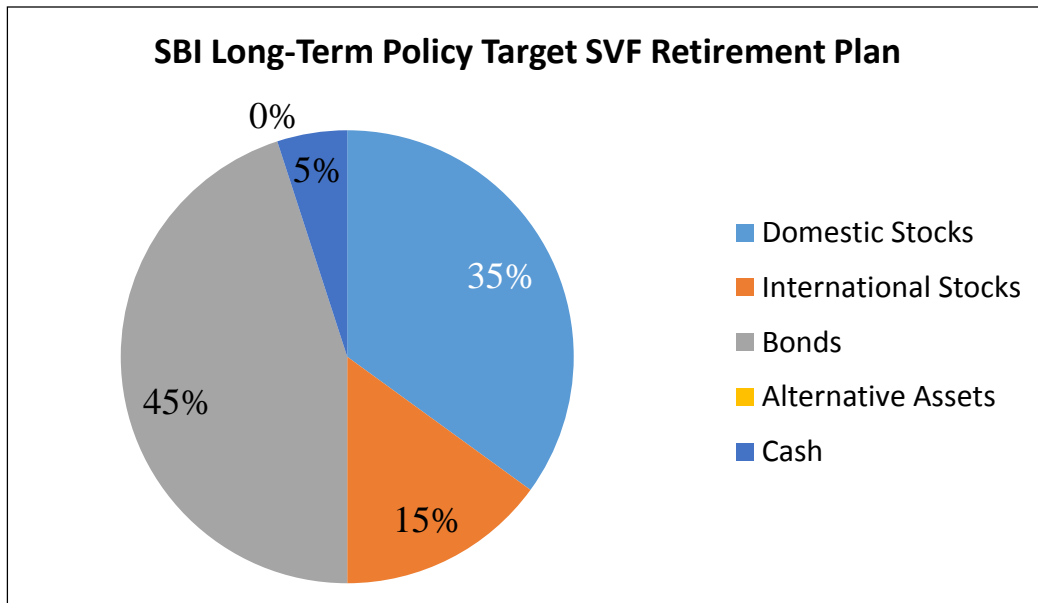
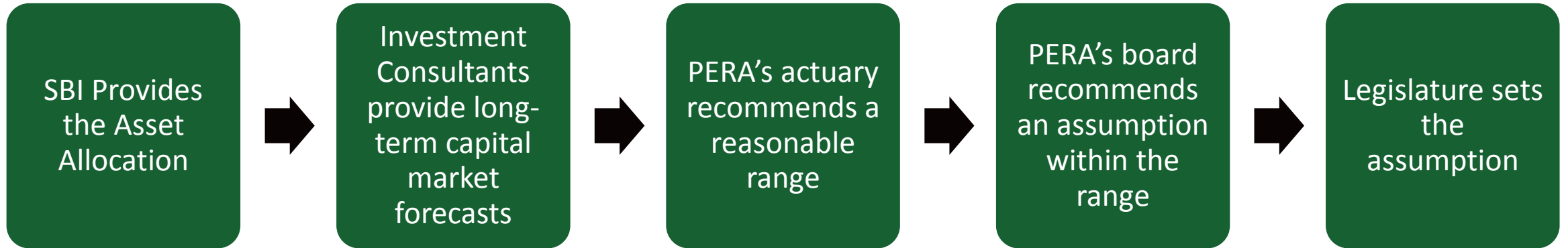
* Lump Sum Plans Only





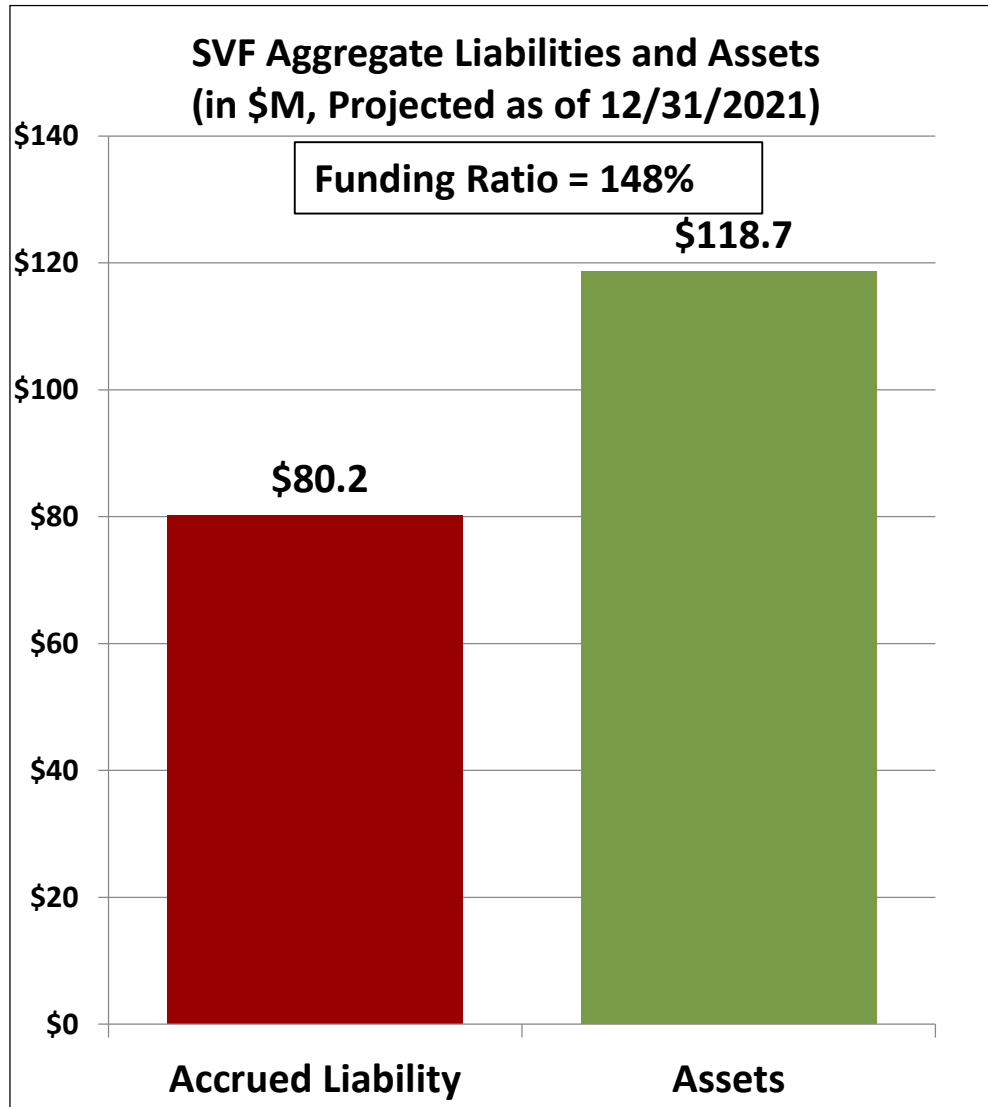
Actual Annual and Cumulative Returns Since 2010 for Periods Ending June 30





Per the August 6, 2009 SVF Advisory Board meeting notes, the board was presented seven different asset allocation options by the SBI and elected the asset allocation shown to the left. The assumed future rate of return for this allocation was set at 6% and has not been revisited since that time.

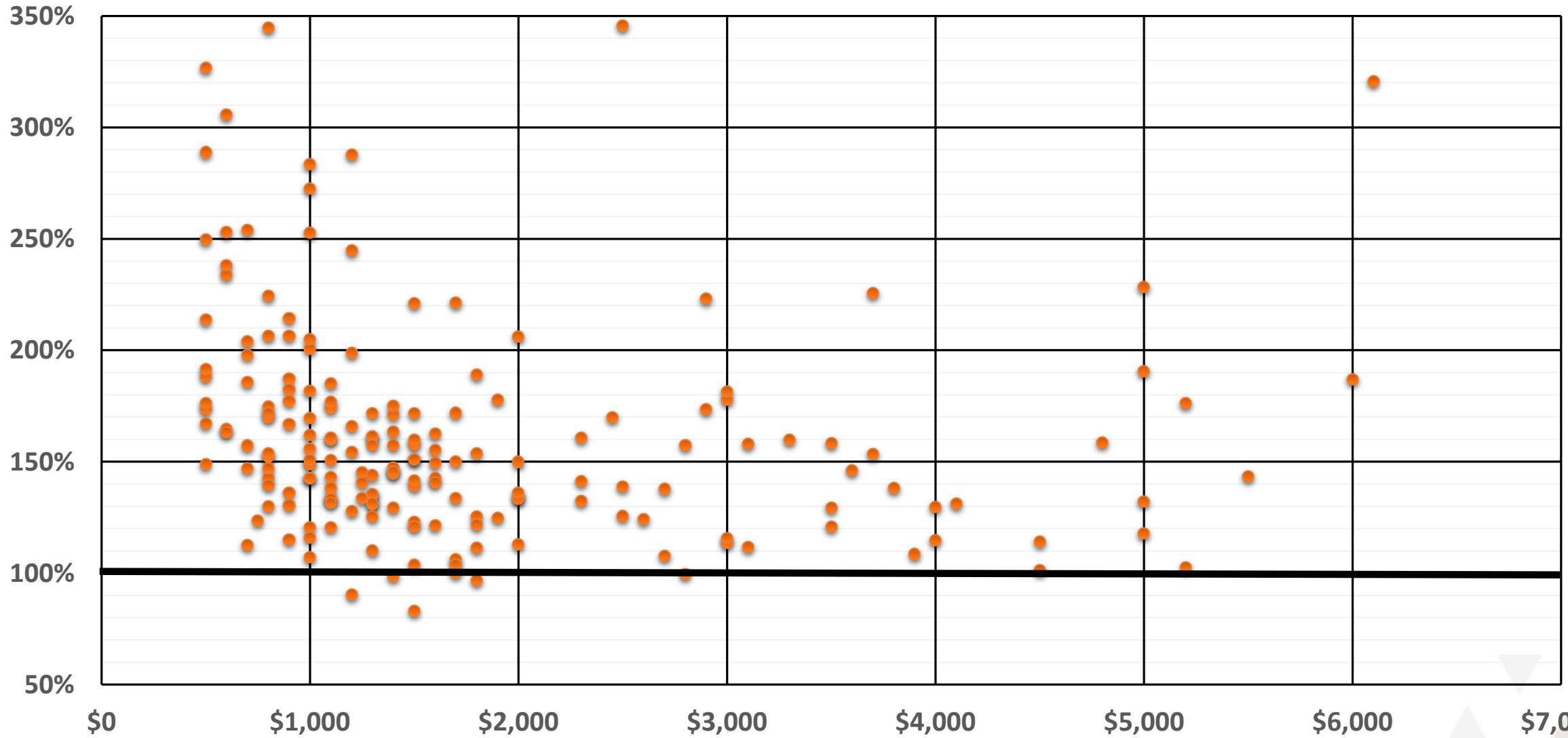
The investment allocation is important as it influences actual returns. The assumption for the SVF plan is less critical than for the other PERA plans.



State Aid, Expected Earnings, and Benefit Accruals	Estimated 2020	Estimated 2021
Fire State Aid	\$3,573,000	\$3,878,000
Supplemental State Aid	<u>773,000</u>	<u>796,000</u>
Total State Aid	\$4,346,000	\$4,674,000
Assumed Investment Earnings	<u>6,080,000</u>	<u>7,118,000</u>
Expected Asset Increases	\$10,426,000	\$11,792,000
Expected Benefit Accruals & Fees	\$6,349,000	\$7,018,000

In the aggregate, the SVF plan* is expected to be 148% funded as of December 31, 2021 (up from 137% as of December 31, 2020). State aid payments cover about 67% of benefit accruals and fees. Investment earnings are expected to easily cover the remaining costs and will increase the assumed funding surplus.

* Lump Sum Plans Only



* 4 plans at \$500 benefit level and 1 plan at \$600 benefit level have funding ratios > 350%

Year	Advisory Board Recommendation	Result
2017	Expand Advisory Board from 8 to 10 members to create equal balance in appointments made by the Fire Department Association and the Fire Chiefs Association	Included in 2018 Omnibus Retirement Bill. Passed into law.
2017	Allow entities to withdraw from the SVFRP	Included in 2018 Omnibus Retirement Bill. Passed into law.
2017	Increase the SVFRP benefit cap maximum level from \$7,500 to \$15,000 to be consistent with the maximum level allowed for lump-sum plans covered under 424A	Included in 2018 Omnibus Retirement Bill. Passed into law.

Year	Advisory Board Recommendation	Result
2018	Change plan name to Statewide Voluntary Firefighter Plan (SVF Plan)	<p>Advisory Board approved all recommendations on 9/27/18.</p> <p>PERA Board approved on 12/13/18.</p> <p>The proposals were not heard during the 2019 legislative session, but were included in the 2020 Omnibus Retirement Bill and passed into law in 2020.</p>
2018	Plan Coverage Election – Move to support language clarifying that a relief association can initiate a transfer to the SVF Plan, and to support requiring that a coverage election to join the SVF Plan include joint approval from all municipalities involved in the case of a joint powers entity or firefighting corporation	
2018	Lump-sum Retirement Division Level Selection – Move to support allowing the fire chief for a lump-sum retirement division to request a cost estimate from the executive director for an increase in the services pension level.	
2018	Alternative Lump-sum Pension Calculation – Move to support the addition of language to define a deferred member and clarify how benefits are calculated.	
2018	Portability – Move to clarify the vesting percentage applicable to benefits when member service consists of pre-SVF and SVF service and/or service with multiple departments.	

Year	Advisory Board Recommendation	Result
2020	Allow entities that are considered combination fire departments as of specified date the opportunity to allocate a portion of Fire State Aid towards their PERA Police & Fire Plan contribution. The amount of the allocation is subject to limits. Firefighters are allowed to petition to stop the allocation.	Advisory Board approved the recommendation on 10/30/20. PERA Board approved on 12/10/20. The proposal was included in the 2020 Omnibus Retirement Bill and passed into law in 2021.

	Topic
1	Review the State Board of Investment (SBI) Asset Allocation and consider the investment return assumption.
2	Consider options to address overfunded plans including an automatic trigger based on funding levels.
3	Consider requiring annual communications to membership and municipalities.
4	Consider adding Defined Contribution plans into the SVF.
5	Consider vesting schedule changes.