



Statewide Volunteer Firefighter Plan

Advisory Board 2019 Control Book

September 26, 2019



SVF Advisory Board

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SVF Advisory Board Governance

Summary	Explanation
Name	Voluntary Statewide Volunteer Firefighter Retirement 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 voluntary statewide volunteer firefighter retirement 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.

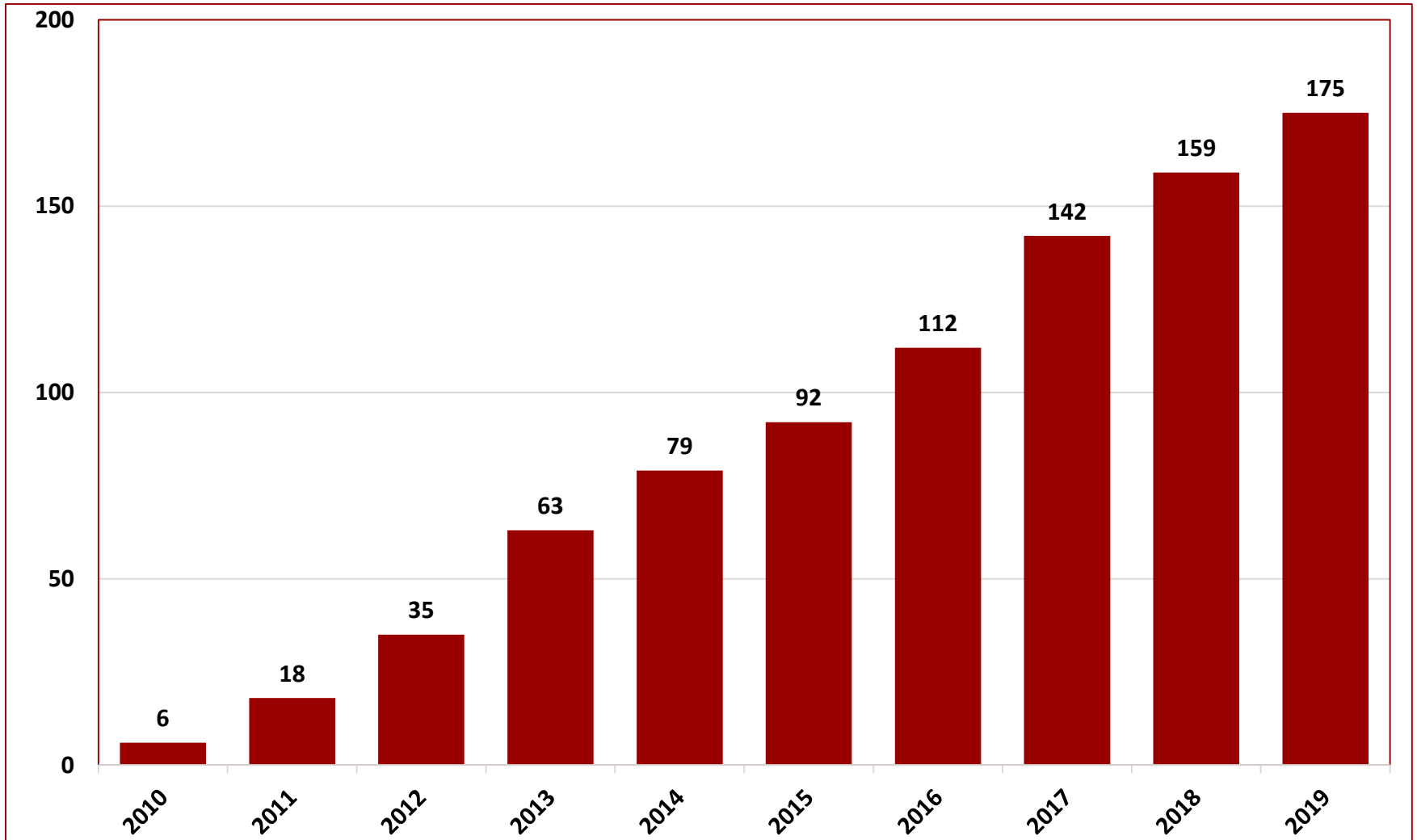
**SVF Advisory Board Composition (10 Members)**

Number	Representing	Requirements	Appointing Authority	Current Members (term end)
1	Townships	Either lump-sum or monthly benefit	Minnesota Association of Townships	Steve Fenske (12/31/20)
2	Cities	Either lump-sum or monthly benefit	League of Minnesota Cities	Vacant/Ann Finn (12/31/20) Calvin Larson (12/31/21)
1	Fire Chiefs	Must be a fire chief	Minnesota State Fire Chiefs Association	Jeff Sanborn (12/31/19)
2	Volunteer Firefighters	Both must be active, one in lump-sum plan, one in monthly plan	Minnesota State Fire Chiefs Association	Jay Wood (12/31/18) Dan Anderson (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 (12/31/20) Mark Rosenblum (12/31/20)
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.

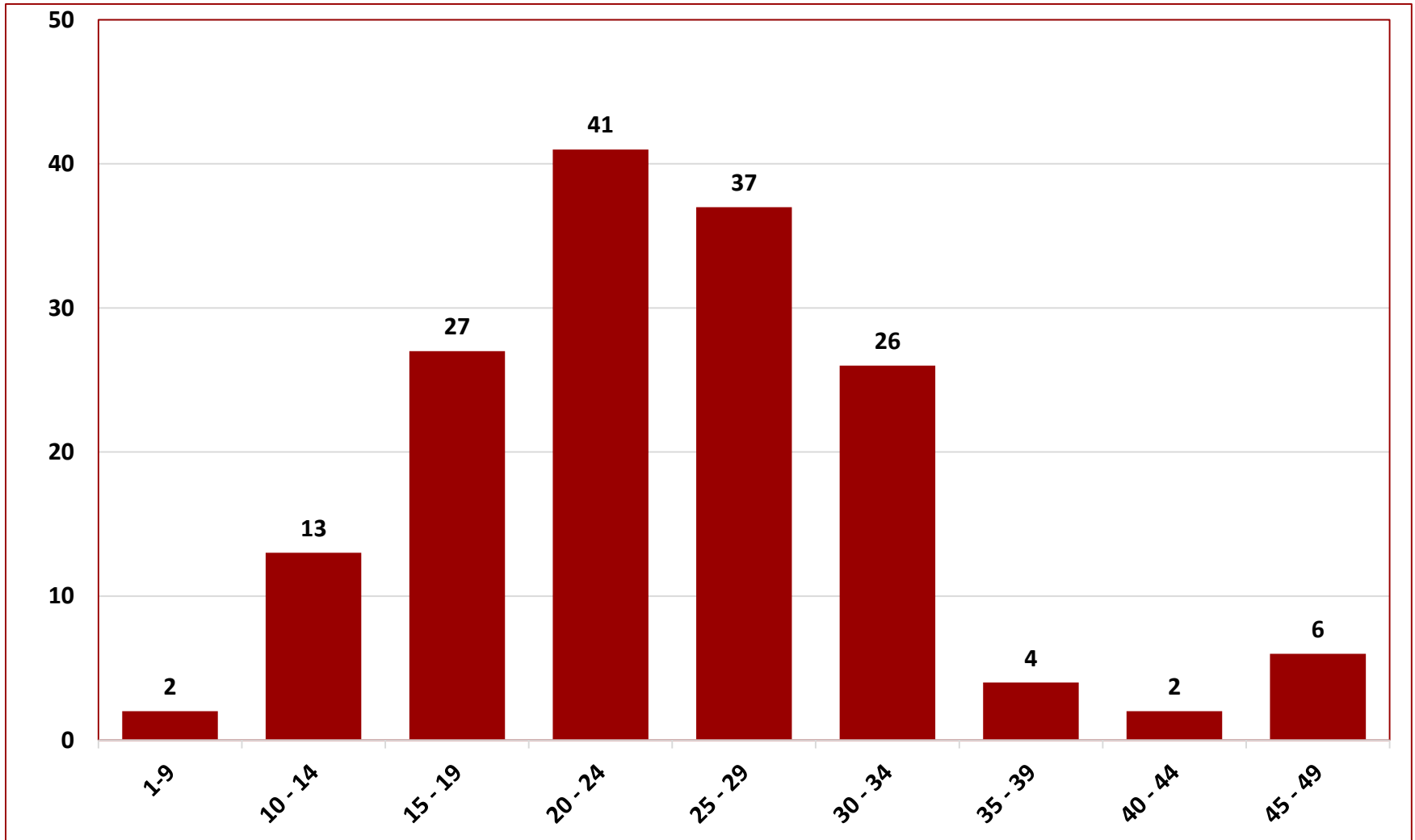


Number of Plans as of January 1st



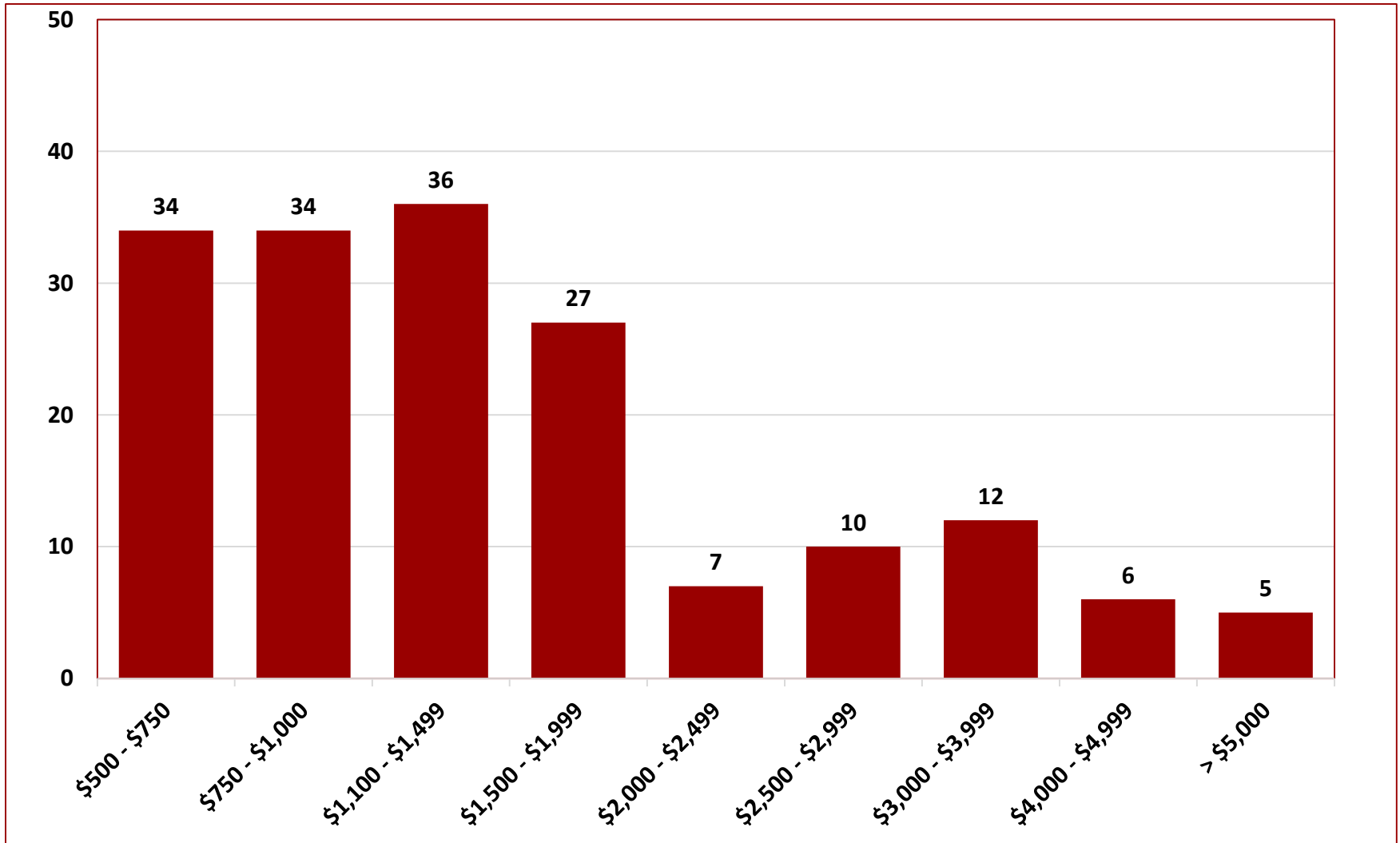


Distribution of Plans by Headcount



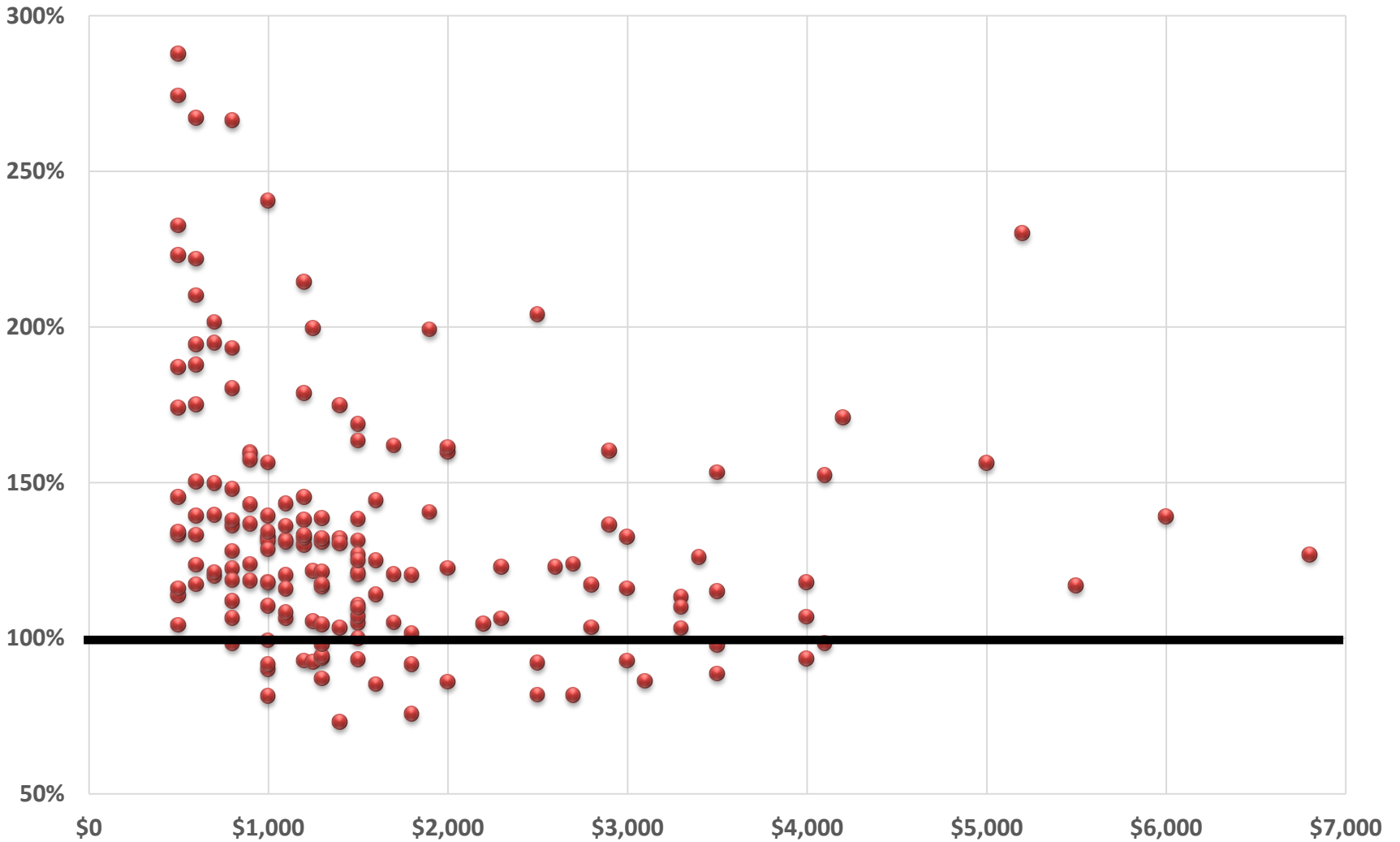


Distribution of Plans by Benefit Level



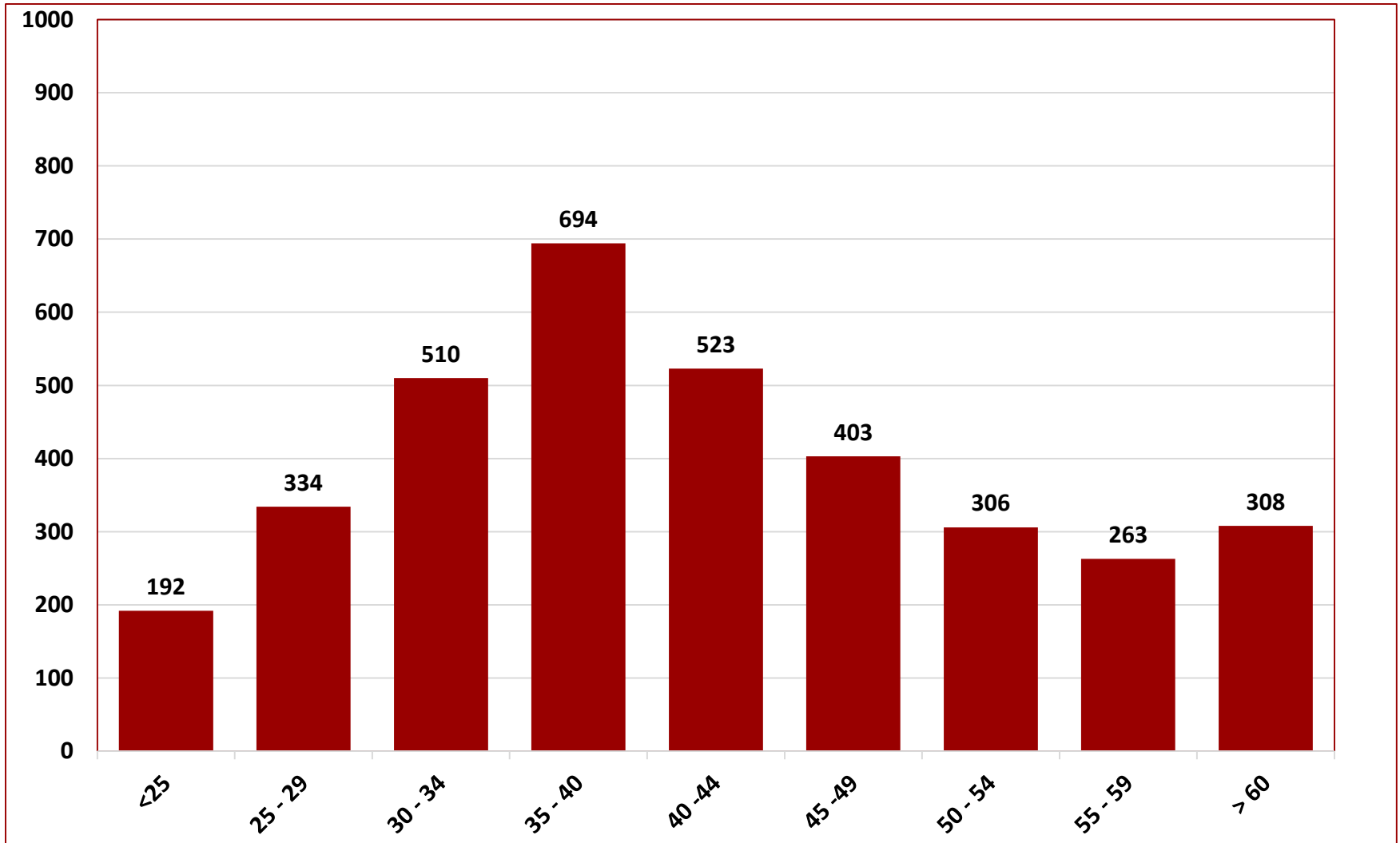


Distribution of Plans: Funding Ratio at Different Benefit Levels



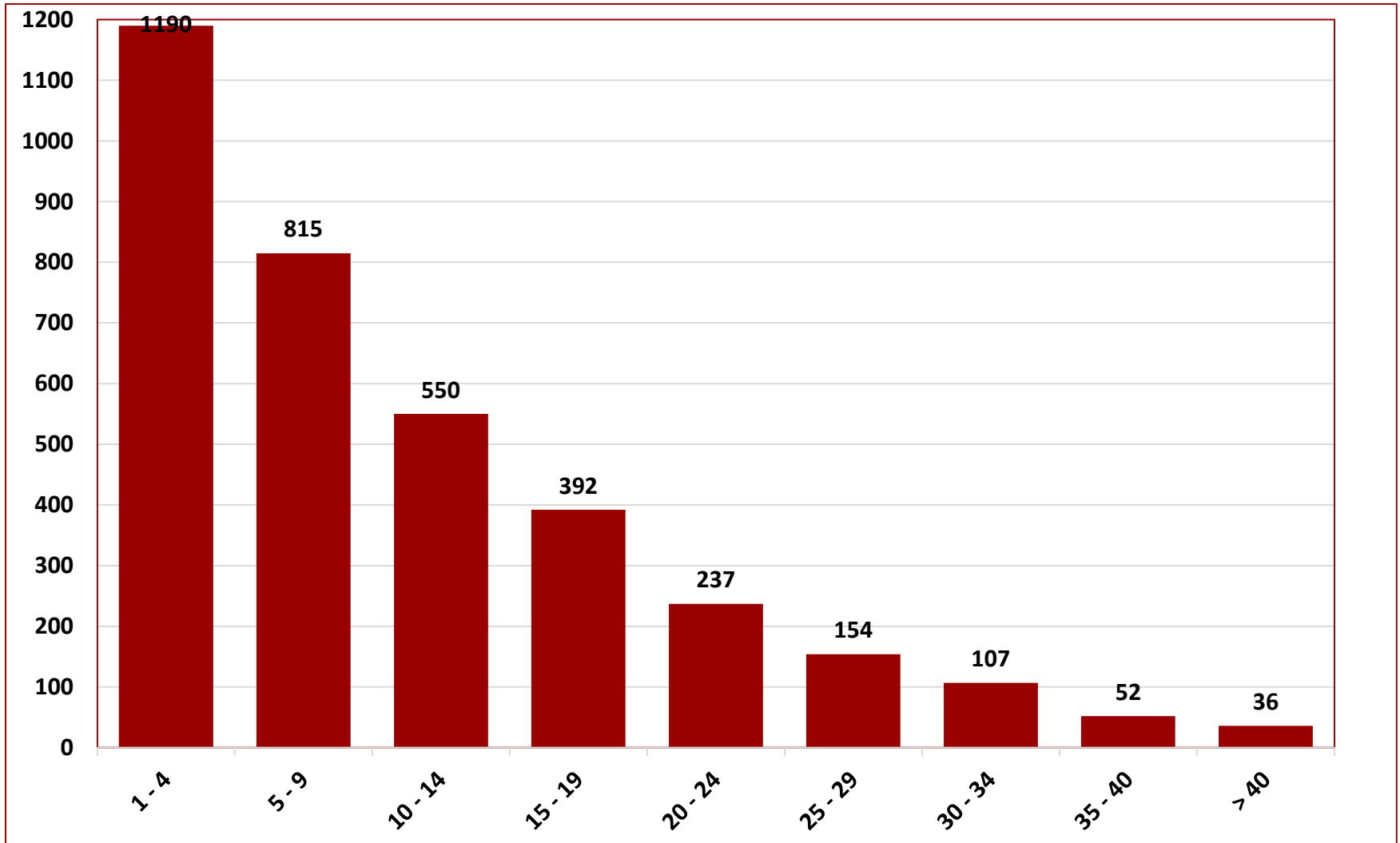


Distribution of Active Members by Age



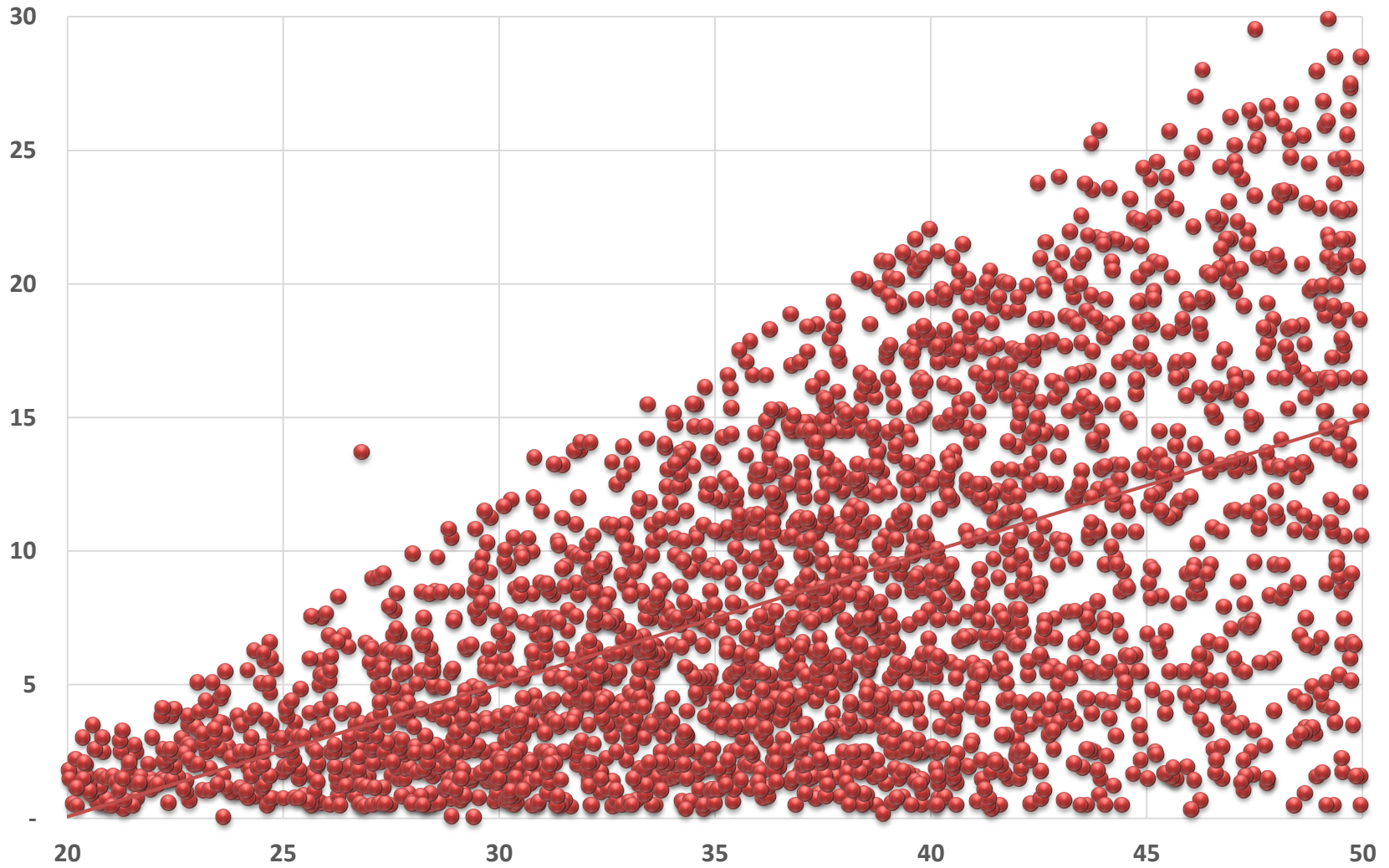


Distribution of Active Members by Service



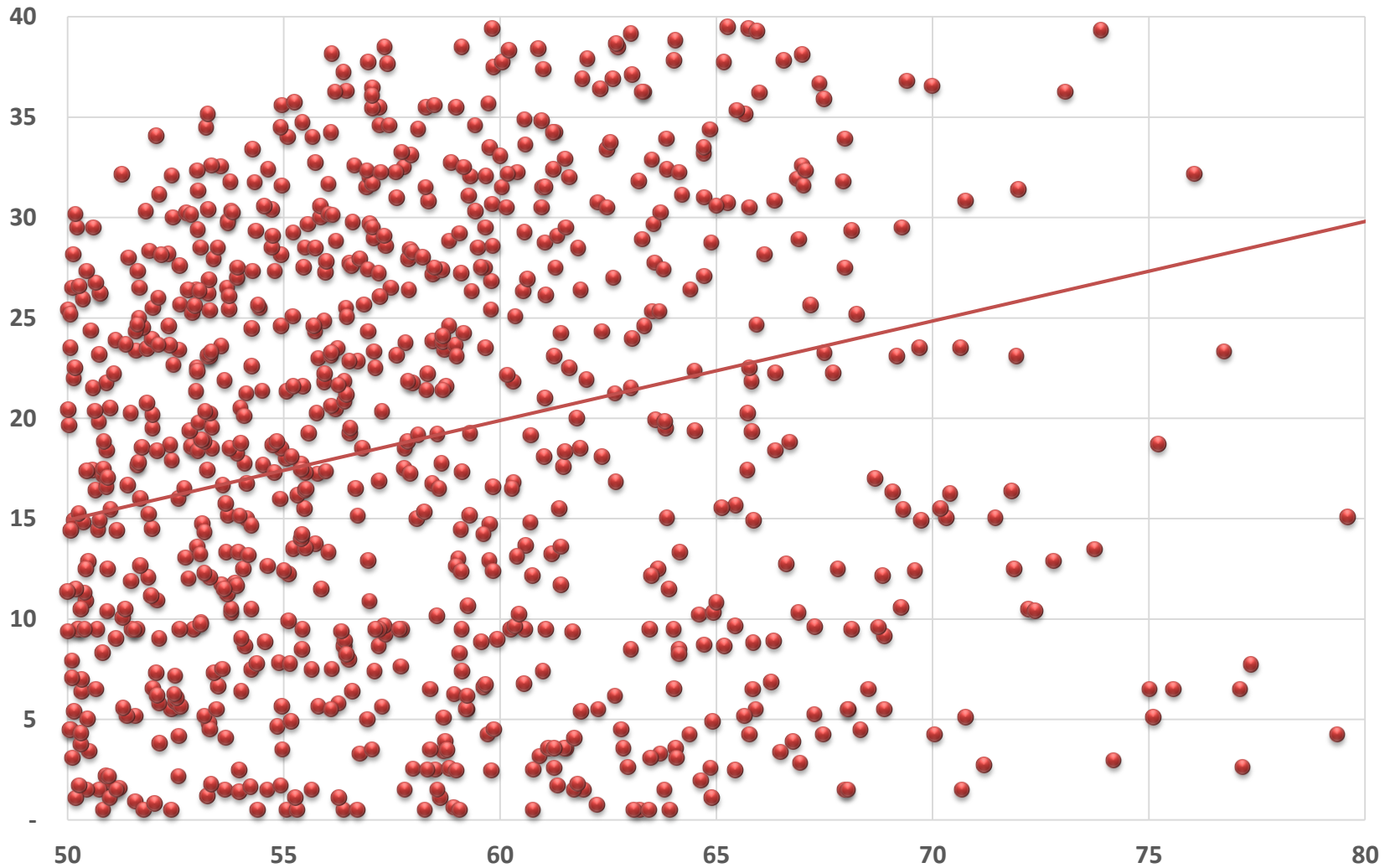


Distribution of Active Members by Age (<50) and Service



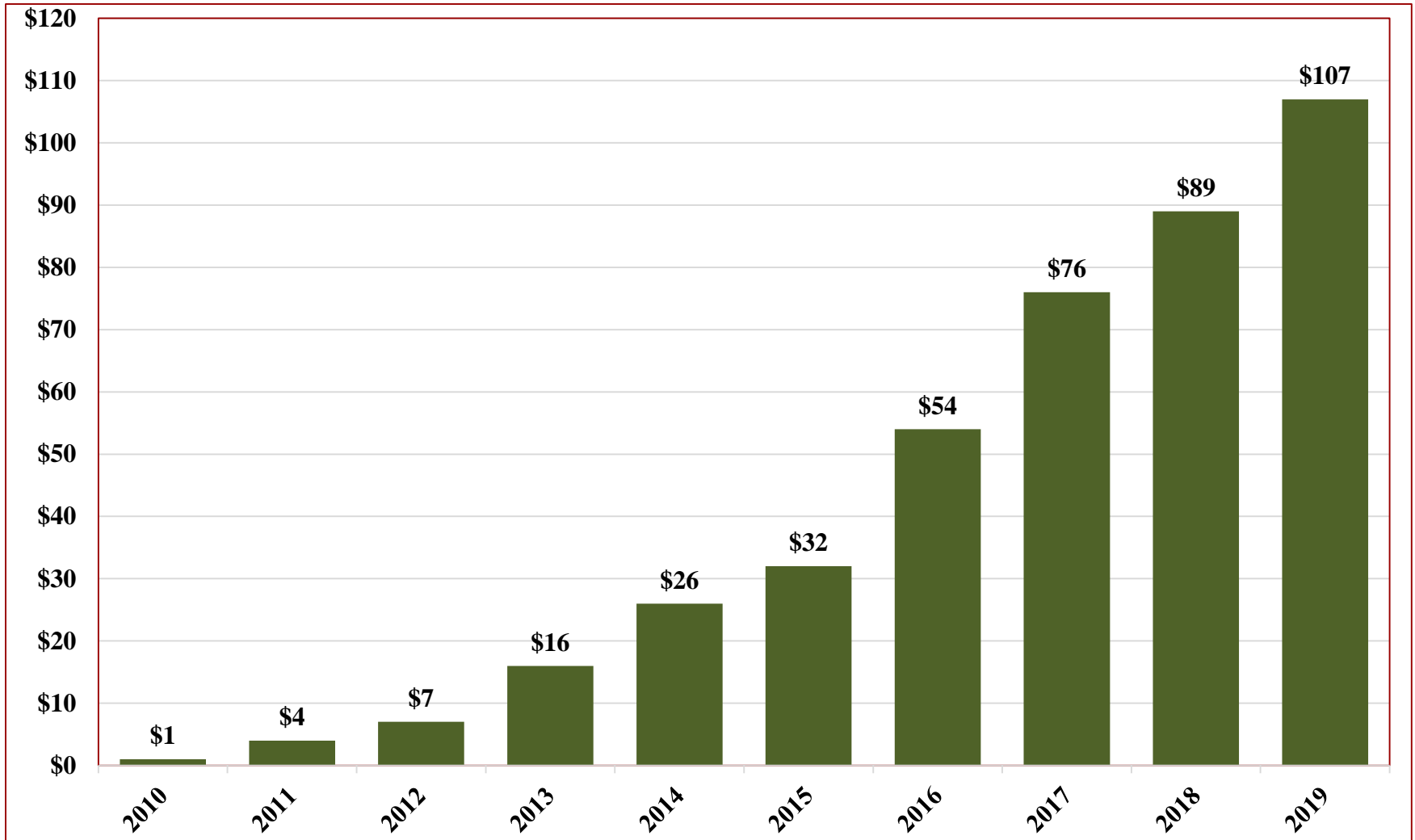


Distribution of Active Members by Age (>50) and Service



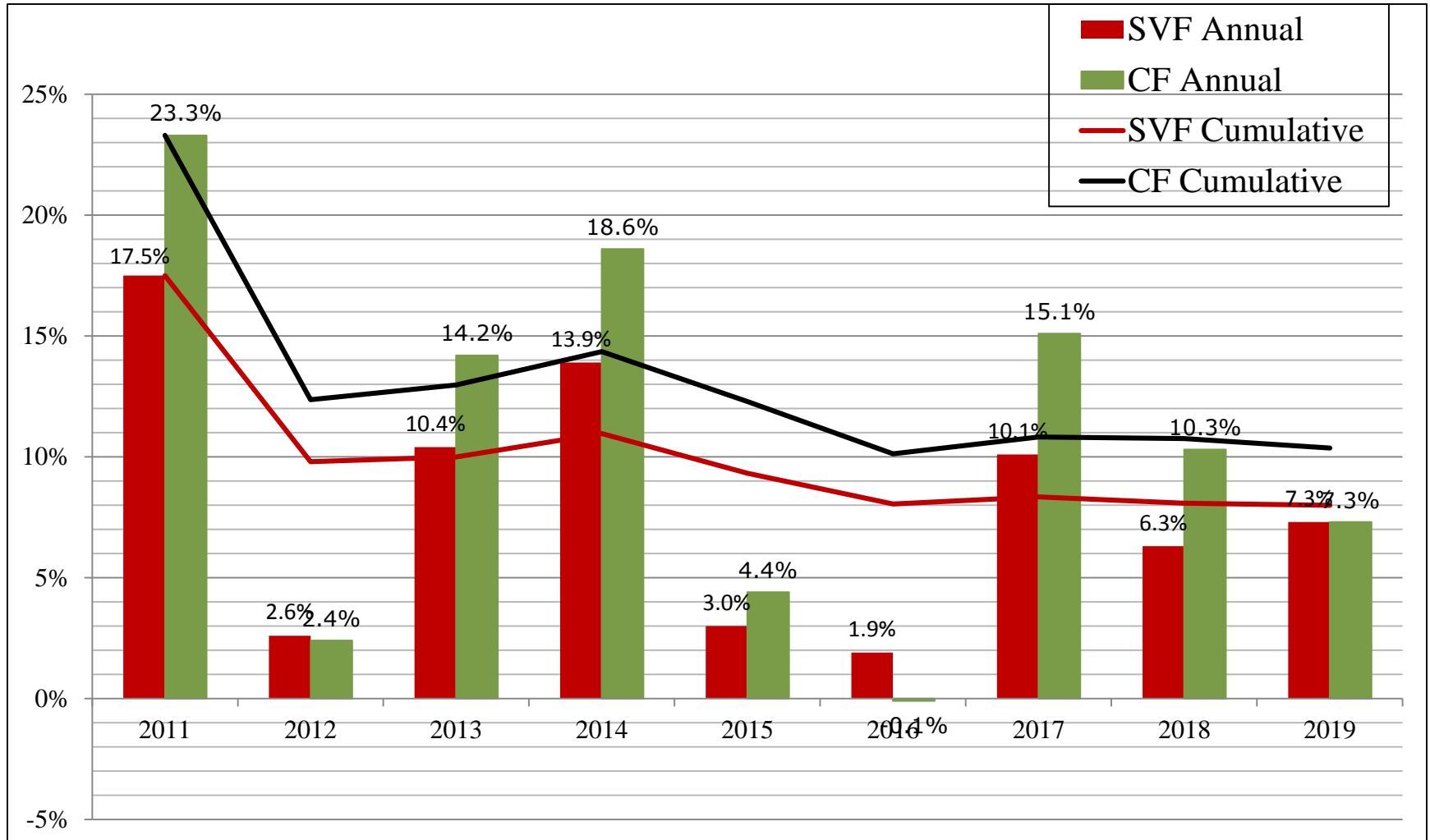


SVF Plan Assets (\$ in Millions as of June 30)





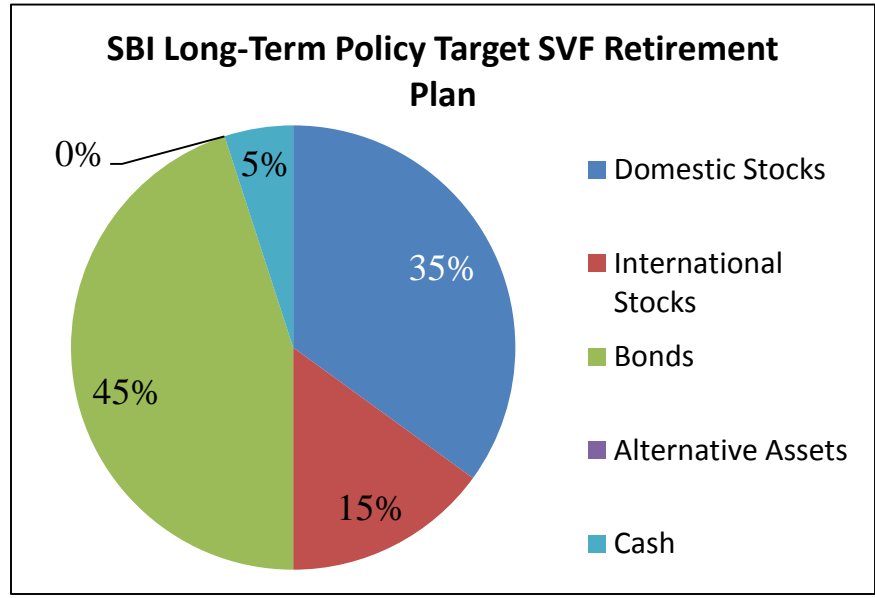
SVF Investment Returns: Annualized and Average Since 2010



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



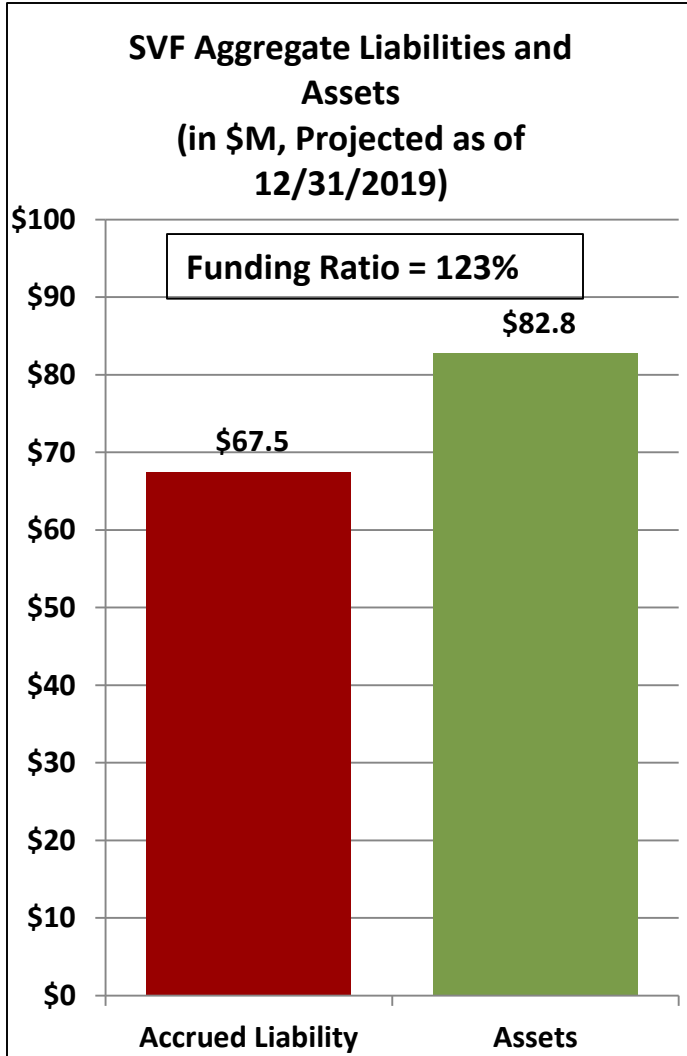
Investment Allocation and Assumption Setting Process



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.



SVF Aggregate Liabilities, Assets, and Expected Cash Flow



	Estimated 2019	Estimated 2020
Fire State Aid	\$3,312,209	\$3,249,620
Supplemental State Aid	<u>761,472</u>	<u>721,481</u>
Total State Aid	\$4,073,681	\$3,971,101
Benefit Accruals & Fees	\$5,017,334	\$5,782,103
Total State Aid	<u>(4,073,681)</u>	<u>(3,971,101)</u>
Net Unfunded Benefit Cost	\$943,653	\$1,811,002
Assumed Investment Earnings	\$4,777,512	\$4,552,498
Net Unfunded Benefit Cost	<u>(943,653)</u>	<u>(1,811,002)</u>
Assumed Surplus Growth	\$3,833,859	\$2,741,496

In the aggregate, the SVF plan is expected to be 123% funded as of December 31, 2019 (down from 138% as of December 31, 2018). State aid payments cover about 69% of benefit accruals and fees (down from 80% in 2018). Investment earnings are expected to easily cover the remaining costs and will increase the assumed funding surplus.



SVF Pre-2018 Advisory Board Recommendations

Year	Advisory Board Recommendation	Status 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.



SVF 2018 Advisory Board Recommendations

Year	Advisory Board Recommendation	Status
2018	Change plan name to Statewide Voluntary Firefighter Plan (SVF Plan)	Advisory Board approved 9/27/18. PERA Board approved 12/13/18.
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	Advisory Board approved 11/28/2018. PERA Board approved 12/13/18.
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.	Advisory Board approved 11/28/2018. PERA Board approved 12/13/18.
2018	Alternative Lump-sum Pension Calculation – Move to support the addition of language to define a deferred member and clarify how benefits are calculated.	Advisory Board approved 11/28/2018. PERA Board approved 12/13/18.
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.	Advisory Board approved 11/28/2018. PERA Board approved 12/13/18.



SVF Future Advisory Board Discussion Items

Year	Topic	Status
2020	Review the State Board of Investment (SBI) Asset Allocation and consider the investment return assumption.	
2020	Consider options to address overfunded plans including an automatic trigger based on funding levels.	
2020	Consider requiring annual communications to membership and municipalities.	
2020	Consider adding Defined Contribution plans into the SVF	
2020	Consider vesting schedule changes.	



SVF Proposed 2019 SVF Meeting and Work Schedule

Month	Status
January - May	2019 Legislative Session in Progress, consider ideas for 2020 session
June	Meeting #1 to review 2019 session and determine 2020 legislative agenda
July - August	Research 2020 legislative ideas and consult with stakeholders
September	Meeting #2 to review specific legislative proposals
October	Modify legislative proposals (if necessary)
November	Meeting #3 to approve final 2020 legislative agenda (if necessary)
December	Prepare for 2020 legislative session