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Active Member Service Pension Report

Subject: PERA SVF Plan Active Member Service Pension Report [dept name]

You are receiving this email because you are a representative of a governing body of municipal fire department, nonprofit firefighting corporation, or joint power entity that has elected coverage under the Statewide Volunteer Firefighter Plan (SVF) administered by PERA.

The Statewide Volunteer Firefighter Plan Advisory Board has requested that PERA staff develop an active member service report to guide you in performing your fiduciary responsibilities to your firefighters. (For more information about the Statewide Volunteer Firefighter Plan Advisory Board, visit <https://www.mnpera.org/employers/svf/svf-board/>)

This new report is intended to provide active firefighters with individual pension information. Please find that the attached report contains the listing of your active members' estimated service pensions as of January 1, 2022, based on December 31, 2021 certified service. We have provided the SVF Plan vesting schedule to support that report.

Also included for your convenience is an updated Application for Lump-sum Service Pension.

Please share this information with the active firefighters in your department.

We hope you find this helpful,

Active Member Service Pension Report

PERA SVF PLAN: ACTIVE MEMBER SERVICE PENSION REPORT						
ESTIMATED AS OF JANUARY 1:			2022			
				JOINED PERA:	PENSION LEVEL:	
				01/01/2015	\$3,900.00	
SERVICE PENSION = FULL YRS DEPT SERVICE X PENSION LEVEL @ VESTING %						
Name	Department	Total Credits	01/01/2022 Full Years	Min Vest: 5 Yrs	Vesting %	Value @ January 1 2022
	12/10/2019	25	2	Not Vested	0%	\$0.00
	08/13/1978	521	43	Vested	100%	\$167,700.00
	12/13/2016	61	5	Vested	40%	\$7,800.00
	09/12/2006	184	15	Vested	80%	\$46,800.00
	11/14/2017	50	4	Not Vested	0%	\$0.00
	11/14/2017	50	4	Not Vested	0%	\$0.00
	12/10/2019	25	2	Not Vested	0%	\$0.00
	01/13/2003	228	19	Vested	96%	\$71,136.00
	12/10/2019	25	2	Not Vested	0%	\$0.00
	09/14/2010	136	11	Vested	64%	\$27,456.00
	04/24/2008	165	13	Vested	72%	\$36,504.00
	09/12/2000	256	21	Vested	100%	\$81,900.00
	12/09/1997	289	24	Vested	100%	\$93,600.00
	07/11/1995	318	26	Vested	100%	\$101,400.00
	01/09/2001	252	21	Vested	100%	\$81,900.00
	02/14/1995	323	26	Vested	100%	\$101,400.00
	07/21/2009	150	12	Vested	68%	\$31,824.00
	04/24/2008	165	13	Vested	72%	\$36,504.00
	09/14/2010	136	11	Vested	64%	\$27,456.00
	02/09/1993	347	28	Vested	100%	\$109,200.00
	01/13/2003	228	19	Vested	96%	\$71,136.00
	12/10/2019	25	2	Not Vested	0%	\$0.00
	09/14/2010	124	10	Vested	60%	\$23,400.00
	11/14/2017	50	4	Not Vested	0%	\$0.00

Annual Good Time Service Credit Certification

Dear Fire Chief and Governing Body Representative:

Annually, it is required that you report and certify Good Time Service Credit (GTSC) rendered by your firefighters to PERA. (Refer to MN Statute 353G.01, subd.7 Definitions and 353G.07 Certification of Good Time Service Credit).

The attachment is the annual GTSC certification form for your department. Per statute, every March 31, this form must be certified for the previous calendar year. We advise you return the certification form sooner if administratively possible. PERA's completion of your GASB 68 statements, if required, is determined by the receipt date of this completed form.

Please know that you must provide notification to each firefighter of the amount of GTSC they rendered for the calendar year 2021 along with a process to challenge your determination of GTSC. The length of service credit you report is based on the standards of your fire department and, therefore, the final determination of GTSC is not reviewable by PERA.

Annual Good Time Service Credit Certification: What does PERA do with the information?

- Review and update your firefighters' status as of December 31 (active, including new members; on leave; terminated; deceased)
- Record the calendar year GTSC rendered for each firefighter
- Track cumulative GTSC for each firefighter

Good Time Service Credit: What is this information used for?

- Calculation of the service pension amount at the time of application for benefit payment
- Determination of the annual funding requirements that PERA certifies to the sponsoring entity of the fire department
- Analysis of a requested cost estimate for an increase in the service pension level
- Preparation of Governmental Accounting and Standards Board (GASB) Statement 68 financial reporting and disclosure requirements as requested from municipalities

If this email was not sent to your current fire chief, please forward to them and provide us the name, email address, and daytime phone so that we may update our records.

The completed GTSC certification form may be returned via secure email to PERASVF@mnpera.org, faxed to 651-296-2493 or mailed to PERA, PO Box 4383, St Paul, MN 55101-4383.

Feel free to reach out with questions.

Annual Good Time Service Credit Certification PERA Statewide Volunteer Firefighter Retirement Plan



	Report Identification Data: PERA Employer <input type="text"/> For Year Ending: 12/31/2021 Report <input type="text"/>	Send completed report to: PERA PO BOX 4383 ST PAUL MN 55101-4383
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The fire chief of the governing body's fire department must complete and return this report to PERA no later than March 31.

For the listed firefighters insert the number of months of (0 to 12) good time service credit (column 2) that each firefighter rendered for the year identified above. Minn. Stat. Chapter 62A defines Good Time Service Credit as, "the length of service credit for an active firefighter that is reported by the applicable fire chief based on the minimum firefighter activity standards of the fire department."

For the listed firefighters report any changes in name (column 1) or status including termination of service or death (column 3)

If you have new firefighters who began their volunteer service in the year covered by this report add them at the end of the list and complete all columns 1 - 6 so that PERA can create a member account and properly credit each new volunteer firefighter

Review report for completeness/accuracy. **Provide a copy to your department's governing body. Send the original form to PERA. If preferred, return via secure mail to PERASVF@mnpera.org or fax to 651-296-2493.**

Member Name - Last, First, Middle Last initials of Soc. Sec. No.	Months of Annual Service Credit Earned	Status Change and Effective Date	<i>Complete For New Firefighters Only</i>		
			Soc. Sec. No. ##-##-####	Date of Birth Mo/Day/Year	Fire Dept. Number Date Mo/Day/Year

No more than 12 months of good time service credit may be certified for a firefighter

Choices: A - Active, P - Personal, Medical Leave, T - Terminated, C - Deceased. Include the status change effective date

In accordance with Minn. Stat. § 353G.07, I certify that the information provided on this report is accurate, that the volunteer firefighters of this department have been notified of my annual service credit determination (which is not reviewable by PERA), and that the information was provided to the department's governing body.

Signature of Fire Chief	Email address	Telephone	Date
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If you have questions about this form please contact Sharon Kort at 651-296-6666 or e-mail PERASVF@mnpera.org

Financial Statements - GASB 68

To the Governing Body of a Statewide Volunteer Firefighter (SVF) Plan Account:

The Public Employees Retirement Association (PERA) is providing the enclosed pension accounting and financial reporting information for the SVF Plan account affiliated with your fire department. If you prepare financial statements in accordance with generally accepted accounting principles (economic resources and accrual basis of accounting) and SVF Plan account amounts are material to your financial statements, you will need to include your SVF Plan account's pension amounts in your government-wide financial statements, footnote disclosures, and required supplementary information. The criterion for including this information in your financial statements is Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68).

PERA calculated the total pension liability [or asset if applicable] as of the measurement date of December 31, 2021, in accordance with GASB 68 by applying an actuarial formula to specific census data certified by the fire department as of that date. The actuarial valuation formula was developed by PERA's actuary, Gabriel, Roeder, Smith. The attached information, as noted below, also includes the actuarial valuation as of December 31, 2020. As an employer you have the option of using the valuation as of December 31, 2021 or December 31, 2020 to report the amounts required by GASB 68 in your financial statements as of December 31, 2021.

We have enclosed the following pension amounts and supporting information for your SVF Plan account:

- Schedule of Changes in Net Pension Liability As of and For the Year Ended December 31, 2021—this schedule should be reported in the Required Supplementary Information (RSI) section of your financial statements if you choose to report the SVF Plan account as of the December 31, 2021 measurement date. Alternatively, if you choose to report the Schedule of Changes in Net Pension Liability as of the December 31, 2020 measurement date you should report the information provided by PERA last year. RSI schedules will ultimately be ten-year schedules, but will be built prospectively.
- Two supporting schedules titled PERA Statewide Volunteer Firefighter Plan GASB Calculations. One schedule is as of the measurement date of December 31, 2021 and establishes the net pension liability based on the actuarial formula and the specific census data of the firefighters working for the fire department on that date.

The second schedule is as of the measurement date of December 31, 2020, and contains the same information as the first schedule, but using census data from the end of 2020.

- Several schedules containing information for footnote disclosures, including a GASB 68 reconciliation that discloses changes in the total pension liability, plan fiduciary net position, and net pension liability/(asset); deferred inflows and outflows of resources and pension expense created due to this year's activity; a sensitivity analysis showing what the net pension liability would be at the end of the year given discount rates that are one percent higher and lower than the assumed rate of six percent.

- Schedule of Employer Contributions—this schedule is another RSI schedule that will ultimately build to ten years' worth of data. As the employer, you may already have this information for past years, so you may be able to prepare the schedule for all ten years. We have included 2021 information only.
- Amortization schedules for deferred inflows of resources and deferred outflows of resources. The information in these schedules can be used to provide the balances required in GASB 68, paragraphs 45h and 45i. One schedule is for deferrals created as a result of the difference between the assumed six percent investment return and the plan's actual return, and the other is for deferrals created as a result of actual experience differing from our actuarial assumptions.

You will also find the following documents in the Statewide Volunteer Firefighter Fund section of PERA's 2021 GASB Toolkit at MNPERA.org; **Employers /Financial Resource Center/ 2021 GASB Toolkit**

- Suggested Footnote Disclosures for the Statewide Volunteer Firefighter Fund for the Fiscal Year Ended December 31, 2021.
- An actuarial certification letter from Gabriel, Roeder, Smith on the GASB 68 pension amounts calculated by PERA. There have been no changes to PERA's process since the date of the actuary letter, January 29, 2021.
- A certification letter from the Minnesota State Board of Investment, the record keeper for the pooled investments of the Statewide Volunteer Firefighters Fund, and a Schedule of Investments by Employer as of December 31, 2021.

Please contact me at PERASVF@mnpera.org with any questions or concerns you have regarding this correspondence.

Sincerely,



Sharyn North, Principal Accounting Officer
PERA
Enclosures

Financial Statements--GASB

Schedule of Changes in Net Pension Liability As of and For the Year Ended December, 31, 2021

	<u>2021</u>
Total Pension Liability (TPL)	
Service Cost	\$ 42,093
Interest on the Pension Liability	66,095
Actuarial Experience (Gains)/Losses	(16,645)
Changes in Benefit Level	122,727
Benefit Payments	<u>(309,300)</u>
Net Change in TPL	\$ (95,030)
Total Pension Liability - Beginning 12/31/20	\$ 1,214,141
Total Pension Liability - Ending 12/31/21	<u><u>\$ 1,119,111</u></u>
Plan Fiduciary Net Position (PFNP)	
Fire State Aid	\$ 53,669.51
Fire Supplemental Aid	11,275.91
Supplemental Benefit Reimbursement	3,000.00
Voluntary Municipal Contribution	
Required Municipal Contribution	
Asset Transfer/Other	
Net Investment Income	136,932.36
PERA Administrative Fee	(900)
Auditor/Accounting Fee	-
SBI Investment Fee	(81)
Benefit Payments	<u>(309,300)</u>
Net Change in PFNP	\$ (105,403)
PFNP - Beginning 12/31/20	\$ 1,472,409
PFNP - Ending 12/31/21	<u><u>\$ 1,367,006</u></u>
Net Pension Liability/(Asset) - Ending 12/31/21	<u><u>\$ (247,895)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	122.2%

Financial Statements -- GASB

Footnote Disclosures and Other Financial Statement Balances:

GASB 68 Reconciliation							
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability / (Asset)	Deferred Outflow	Inflow	Pension Revenue	Pension Expense
Beginning Balance 12/31/20	\$1,214,141	\$1,472,409	(\$258,268)			\$0	\$0
Changes for the Year							
Service Cost	42,093		42,093				42,093
Interest on Pension Liability	66,095		66,095				66,095
Actuarial Experience (Gains)/Losses	(16,645)		(16,645)		13,316		(3,329)
Projected Investment Earnings		88,345	(88,345)				(88,345)
Changes in Benefit Level	122,727		122,727				122,727
Contributions (Employer)		0	0				
Contributions (State)		67,945	(67,945)			67,945	
Adj. to Initial Asset Transfer		0	0				
Asset (Gain)/Loss		48,587	(48,587)	0	38,870		(9,717)
Benefit Payouts	(309,300)	(309,300)					0
Administrative Costs		(981)	981				981
Net Changes	(\$95,030)	(\$105,403)	\$10,373	\$0	\$52,186	\$67,945	\$130,505
Balance End of Year 12/31/21	\$1,119,111	\$1,367,006	(\$247,895)	\$0	\$52,186	\$67,945	\$130,505

Net Pension Liability Components	Measurement Date	Amount
A. Total Pension Liability:	12/31/2021	\$ 1,119,111
B. Plan Fiduciary Net Position:	12/31/2021	\$ 1,367,006
C. Net Pension Liability (Asset):	12/31/2021	\$ (247,895)

Net Pension Liability at Different Discount Rates		
	Discount Rate	Net Pension Liability/ (Asset)
1% Decrease in Rate	5%	\$ (218,250)
Current Rate	6%	\$ (247,895)
1% Increase in Rate	7%	\$ (277,046)

Required Supplementary Information: Schedule of Employer Contributions*	
	2021
Actuarially Determined Contribution:	\$ -
Actual Contributions Paid	-
Contribution Deficiency/(Excess)	\$ -

*Use previous year information to build a 10-year schedule over time.

Financial Statements -- GASB

Asset (Gain)/Loss Amortization Schedule*

Increase (Decrease) in Pension Expense Arising from the Recognition of the Difference between Projected and Actual Earnings on Pension Plan Investments (Asset Gain/Loss).

Year	Difference between Projected and Actual Investment Earnings	Amort- ization Period (Years)	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2021	(\$48,587)	5	(\$9,717)	(\$9,717)	(\$9,717)	(\$9,717)	(\$9,719)
2020	(\$99,424)	5	(\$19,885)	(\$19,885)	(\$19,885)	(\$19,885)	
2019	(\$138,012)	5	(\$27,602)	(\$27,602)	(\$27,602)		
2018	\$107,019	5	\$21,404	\$21,404			
2017	(\$63,347)	5	(\$12,669)				
Total			(\$48,469)	(\$35,800)	(\$57,204)	(\$29,602)	(\$9,719)

* If investment returns are greater than expected, there is an asset gain, which decreases pension expense. The amount shown for 2021 is already included in pension expense. Amounts for 2022-2025 should be deferred and used to adjust pension expense in those years.

Actuarial Experience (Gain)/Loss Amortization Schedule*

Increase (Decrease) in Pension Expense Arising from the Recognition of the Difference between Actuarial Assumptions and Actual Experience.

Year	Difference between Actuarial Assumptions and Actual Experience	Amort- ization Period (Years)	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
2021	(16,645)	5	(\$3,329)	(\$3,329)	(\$3,329)	(\$3,329)	(\$3,329)
2020	(\$21,430)	5	(\$4,286)	(\$4,286)	(\$4,286)	(\$4,286)	
2019	(\$43,341)	5	(\$8,668)	(\$8,668)	(\$8,668)		
2018	(\$213)	5	(\$43)	(\$43)			
2017	(\$35,995)	5	(\$7,199)				
Total			(\$23,525)	(\$16,326)	(\$16,283)	(\$7,615)	(\$3,329)

* An actuarial gain is created when actual experience is more favorable than the actuarial assumptions. The amount shown for 2021 is already included in pension expense. Amounts for 2022-2025 should be deferred and used to adjust pension expense in those years.

Financial Statements -- GASB

PERA Statewide Volunteer Firefighter Plan GASB Calculations

Name of Entity:
Measurement Date: 12/31/2021

Input:	
Plan Fiduciary Net Position	\$ 1,367,006
Benefit Level:	\$ 3,900

Results of GASB 68 Valuation	-1%		+1%
	Results (6%):	Results at 5%	Results at 7%
A. Total Pension Liability:	\$ 1,119,111	\$ 1,148,757	\$ 1,089,960
B. Plan Fiduciary Net Position:	\$ 1,367,006	\$ 1,367,006	\$ 1,367,006
C. Net Pension Liability (Asset) :	\$ (247,895)	\$ (218,250)	\$ (277,046)
D. Service Cost as of Measurement Date:	\$ 42,093	\$ 47,986	\$ 36,811

Name	Status (Active or Deferred)	Birthdate (mm/dd/yyyy)	Fire Dept. Entry Date (mm/dd/yyyy)	Deferred Inputs		Through Years of Service	12/31/2021		Normal Cost (6%) @ \$500	Normal Cost At Ben Level of Plan (6%)
				Expected Retirement Date	Expected Lump Sum Payable at Retirement Date		Total Pension			
							Liability (6%)			
Fire Fighter 1	Active					2	\$ 2,212	\$ 136	\$ 1,059	
Fire Fighter 2	Active					43	\$ 167,700	\$ -	\$ -	
Fire Fighter 3	Active					5	\$ 8,695	\$ 204	\$ 1,594	
Fire Fighter 4	Active					15	\$ 35,537	\$ 240	\$ 1,869	
Fire Fighter 5	Active					4	\$ 7,626	\$ 227	\$ 1,773	
Fire Fighter 6	Active					4	\$ 7,626	\$ 227	\$ 1,773	
Fire Fighter 7	Active					2	\$ 3,491	\$ 214	\$ 1,672	
Fire Fighter 8	Active					19	\$ 70,822	\$ 354	\$ 2,763	
Fire Fighter 9	Active					2	\$ 2,538	\$ 156	\$ 1,216	
Fire Fighter 10	Active					11	\$ 20,811	\$ 203	\$ 1,586	
Fire Fighter 11	Active					14	\$ 36,359	\$ 267	\$ 2,080	
Fire Fighter 12	Active					21	\$ 68,277	\$ 299	\$ 2,335	
Fire Fighter 13	Active					24	\$ 74,474	\$ 272	\$ 2,125	
Fire Fighter 14	Active					27	\$ 96,080	\$ 298	\$ 2,322	
Fire Fighter 15	Active					21	\$ 74,789	\$ 328	\$ 2,558	
Fire Fighter 16	Active					27	\$ 100,588	\$ 312	\$ 2,431	
Fire Fighter 17	Active					13	\$ 23,441	\$ 188	\$ 1,466	
Fire Fighter 18	Active					14	\$ 41,661	\$ 306	\$ 2,383	
Fire Fighter 19	Active					11	\$ 24,977	\$ 244	\$ 1,903	
Fire Fighter 20	Active					29	\$ 113,100	\$ -	\$ -	
Fire Fighter 21	Active					19	\$ 46,990	\$ 235	\$ 1,833	
Fire Fighter 22	Active					2	\$ 3,046	\$ 187	\$ 1,459	
Fire Fighter 23	Active					10	\$ 24,882	\$ 271	\$ 2,118	
Fire Fighter 24	Active					4	\$ 7,626	\$ 227	\$ 1,773	
Fire Fighter 25	Deferred			12/31/2034	\$15,000		\$ 7,033	\$ -	\$ -	
Fire Fighter 26	Deferred			12/31/2022	\$33,600		\$ 31,698	\$ -	\$ -	
Fire Fighter 27	Deferred			12/31/2030	\$20,400		\$ 12,075	\$ -	\$ -	
Fire Fighter 28	Deferred			12/31/2037	\$12,600		\$ 4,960	\$ -	\$ -	
							\$ 1,119,111		\$ 42,093	

Financial Statements -- Investment Balance Report

PERA Statewide Volunteer Firefighter (SVF) Plan
 Financial Statement
 Fire Department

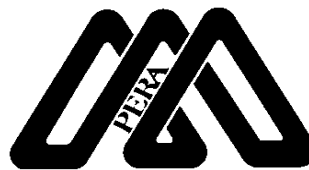
SBI Return 2021 = 9.67%

	For Year Ended 12/31/2019	For Year Ended 12/31/2020	For Year Ended 12/31/2021
Additions			
Fire State Aid		\$ 11,349.40	\$ 11,677.38
Fire Supplemental Aid		2,505.25	2,453.41
Supplemental Benefit Reimbursement		2,000.00	
Voluntary Municipal Contribution			
Required Municipal Contribution			
Asset Transfer/Other	271,487.83	402.79	
Net Investment Income	207.86	41,762.35	32,148.59
Total Additions	\$ 271,695.69	\$ 58,019.79	\$ 46,279.38
Deductions			
PERA Administrative Fee		810.00	840.00
Auditor/Accounting Fee			
SBI Fee		13.96	18.92
Benefit Payments			14,583.60
Total Deductions	\$ -	\$ 823.96	\$ 15,442.52
Net Increase / (Decrease)	\$ 271,695.69	\$ 57,195.83	\$ 30,836.86
Net Assets Held in Trust at FMV			
Beginning of Year	\$ -	\$ 271,695.69	\$ 328,891.52
End of Year	\$ 271,695.69	\$ 328,891.52	\$ 359,728.38

Required Annual Funding Report -- Cover Letter

Public Employees Retirement Association of Minnesota

60 Empire Drive, Suite 200
St. Paul, MN 55103-2088
Phone: 651-296-7460 or 1-800-652-9026
Website: www.mnpera.org



July 19, 2021

PERA ID:

Governing Body and Fire Chief

In accordance with Minnesota Statutes 353G.08, I have determined the 2022 required contribution to cover your volunteer firefighters enrolled in the statewide volunteer firefighter plan. Any amount payable is due to PERA before December 31, 2022. Please refer to attached schedules for detailed information regarding the calculations.

Service Pension Level:	\$3,900
Overall Funding Balance For Current Calendar Year	\$121,497
Funding Ratio	108%
This account is considered to have:	Surplus Over Full Funding

Financial Requirement at 12/31/2022	\$94,991
Reductions to the Financial Requirement:	(\$159,035)

Required Contribution Due by 12/31/2022

None

Contributions to the statewide volunteer firefighter plan above and beyond any required contributions may be made at any time. Please contact me if you would like to make a voluntary contribution to your plan account.

On behalf of the statewide volunteer firefighter plan advisory board, I hereby direct you to distribute this report to your membership.

If you have any questions, please do not hesitate to contact me by phone (651-201-2666) or by email (sharyn.north@mnpera.org).

Sincerely,

A handwritten signature in black ink that reads "Sharyn North".

Sharyn North
Accounting Officer Principal, PERA

Required Annual Funding Report -- Schedules

1. Overall Funding Balance For Current Calendar Year

Projection of Present Assets

2021

Anticipated receipts (disbursements)	
Fire State Aid	\$ 52,721
Fire Supplemental Aid	11,244
Supplemental Benefit Reimbursement	3,000
Voluntary Municipal Contribution	12,000
Required Municipal Contribution	-
Adjustment to Initial Asset Transfer	-
Net Investment Income	88,345
PERA Administrative Fee	(900)
Auditor/Accounting Fee	-
SBI Investment Fee	(74)
Benefit Payments	(85,000)
Net Change in Present Assets	\$ 81,336

Assets - Beginning 12/31/2020	\$ 1,472,409
Projected Assets - Ending 12/31/2021	\$ 1,553,745

Calculation of total accrued liability 12/31/2021

See attached member report	\$ 1,432,248
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Conclusion on overall funding balance:

Projected Present Assets 12/31/2021	\$ 1,553,745
Accrued Liability 12/31/2021	\$ 1,432,248
Amount of surplus/(deficit) 12/31/2021	\$ 121,497
Funding Ratio	108.48%

This account is considered to have:

Surplus Over Full Funding

Required Annual Funding Report -- Schedules

2. Financial Requirement For Following Calendar Year

Calculation of total accrued liability 12/31/2022

See attached member report	\$ 1,538,488
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Calculation of the increase in total liability

Total Accrued Liability 12/31/2022	\$ 1,538,488
Total Accrued Liability 12/31/2021	\$ 1,432,248
Amount increase in accrued liability	<u>\$ 106,241</u>

Calculation of administrative fees

Per member rate of \$30	<u>\$ 900</u>
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Financial Requirement: Fully Funded

Increase in total liability	\$ 106,241	
Administrative fees	\$ 900	N/A

Financial Requirement: Deficit From Full Funding

Increase in total liability	\$ 106,241	
Administrative fees	\$ 900	
Charge one-tenth of deficit	\$ -	N/A

Financial Requirement: Surplus Over Full Funding

Increase in total liability	\$ 106,241	
Administrative fees	\$ 900	
Credit one-tenth of surplus if third year	\$ (12,149.70)	<u>\$ 94,991</u>

Financial Requirement at 12/31/2022	<u>\$ 94,991</u>
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3. Required Contribution of the Sponsoring Entity

Determination of the required contribution due by 12/31/2022

Financial Requirement at 12/31/2022	\$ 94,991
Reductions to the financial requirement:	
Fire State Aid Current Year @ 1.035	\$ (54,566)
Supplemental State Aid Current Year	\$ (11,244)
6% Interest on Projected Present Assets	<u>\$ (93,225)</u>

Required Contribution Due by 12/31/2022	<u>NONE</u>
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Required Annual Funding Report -- Schedules

Annual Funding Requirements

Page Three

Name of Entity:

Calculation Date: July 19, 2021
 Prior Year: 12/31/2020
 Current Year: 12/31/2021

Note: Accrued Liability is based on factors such as age of member when joined the department, years to age 50, and years of service; may not equal payout amount.

Input:	
Prior Year Fire State Aid:	50,938
Prior Year Supplemental State Aid:	11,244
Prior Year Plan Assets	1,472,409
Current YTD Paid Benefits	85,000
Member Data	See Below
Number of Firefighters:	30
PERA Benefit Level:	\$ 3,900

Accrued Liability		
12/31/2021	Increase	12/31/2022
\$ 1,432,248	\$ 106,241	\$ 1,538,488

Name	Status (Active or Deferred)	Birthdate (mm/dd/yyyy)	Fire Dept. Entry Date (mm/dd/yyyy)	Separation Date (If Deferred)	Ben Level at Separation (If Deferred)	Through 12/31/2021		Through 12/31/2022		Normal Cost (Change in Liability)
						Years of Service	Accrued Liability	Years of Service	Accrued Liability	
Fire Fighter 1	Active		12/10/2019		0	2	\$ 3,053	3	\$ 4,718	\$ 1,665
Fire Fighter 2	Active		08/13/1978		0	43	\$ 167,700	44	\$ 171,600	\$ 3,900
Fire Fighter 3	Active		12/13/2016		0	5	\$ 10,772	6	\$ 13,330	\$ 2,557
Fire Fighter 4	Active		09/12/2006		0	15	\$ 39,942	16	\$ 44,054	\$ 4,112
Fire Fighter 5	Active		11/14/2017		0	4	\$ 9,283	5	\$ 11,962	\$ 2,679
Fire Fighter 6	Active		11/14/2017		0	4	\$ 9,283	5	\$ 11,962	\$ 2,679
Fire Fighter 7	Active		12/10/2019		0	2	\$ 4,371	3	\$ 6,756	\$ 2,384
Fire Fighter 8	Active		01/13/2003		0	19	\$ 71,639	20	\$ 78,000	\$ 6,361
Fire Fighter 9	Active		12/10/2019		0	2	\$ 3,407	3	\$ 5,266	\$ 1,858
Fire Fighter 10	Active		09/14/2010		0	11	\$ 24,763	12	\$ 27,903	\$ 3,140
Fire Fighter 11	Active		04/24/2008		0	14	\$ 40,160	15	\$ 44,480	\$ 4,321
Fire Fighter 12	Active		09/12/2000		0	21	\$ 71,107	22	\$ 77,151	\$ 6,044
Fire Fighter 13	Active		12/09/1997		0	24	\$ 78,104	25	\$ 84,327	\$ 6,223
Fire Fighter 14	Active		07/11/1995		0	27	\$ 97,916	28	\$ 105,328	\$ 7,412
Fire Fighter 15	Active		01/09/2001		0	21	\$ 76,426	22	\$ 82,923	\$ 6,497
Fire Fighter 16	Active		03/14/1989		0	33	\$ 128,700	34	\$ 132,600	\$ 3,900
Fire Fighter 17	Active		02/14/1995		0	27	\$ 101,356	28	\$ 109,200	\$ 7,844
Fire Fighter 18	Active		07/21/2009		0	13	\$ 27,983	14	\$ 31,144	\$ 3,161
Fire Fighter 19	Active		07/11/1995		0	27	\$ 105,300	28	\$ 109,200	\$ 3,900
Fire Fighter 20	Active		04/24/2008		0	14	\$ 44,594	15	\$ 49,392	\$ 4,798
Fire Fighter 21	Active		09/14/2010		0	11	\$ 28,611	12	\$ 32,238	\$ 3,628
Fire Fighter 22	Active		02/09/1993		0	29	\$ 113,100	30	\$ 117,000	\$ 3,900
Fire Fighter 23	Active		01/13/2003		0	19	\$ 51,889	20	\$ 56,539	\$ 4,650
Fire Fighter 24	Active		12/10/2019		0	2	\$ 3,937	3	\$ 6,084	\$ 2,147
Fire Fighter 25	Active		09/14/2010		0	10	\$ 27,970	11	\$ 31,770	\$ 3,800
Fire Fighter 26	Active		11/14/2017		0	4	\$ 9,283	5	\$ 11,962	\$ 2,679
Fire Fighter 27	Deferred		09/12/2006	01/15/2018	2500	10	\$ 15,000	10	\$ 15,000	\$ -
Fire Fighter 28	Deferred		08/28/1998	12/31/2017	2500	16	\$ 33,600	16	\$ 33,600	\$ -
Fire Fighter 29	Deferred		10/12/2004	12/31/2017	2500	12	\$ 20,400	12	\$ 20,400	\$ -
Fire Fighter 30	Deferred		07/21/2009	12/30/2020	2500	9	\$ 12,600	9	\$ 12,600	\$ -
							\$ 1,432,248		\$ 1,538,488	\$ 106,241

Required Annual Funding Report -- Schedules

Total Projected Present Assets at December 31, 2021

Anticipated receipts and disbursements during 2021:

Fire State Aid			52,721
Fire Supplemental Aid			11,244
Supplemental Benefit Reimbursement			3,000
Voluntary Municipal Contribution			12,000
Required Municipal Contribution			-
Adjustment to Initial Asset Transfer			-
Net Investment Income			88,345
PERA Administrative Fee			(900)
Auditor/Accounting Fee			-
SBI Investment Fee			(74)
Benefit Payments			(85,000)
Net Change in Total Present Assets		\$	81,336

Total Present Assets - Beginning 12/31/2020

Assets Per GASB 68 or Inv Activity Report	\$	1,472,409	
[adjustments]	\$	-	
	\$	-	\$ 1,472,409

Total Projected Present Assets - Ending 12/31/2021

\$ 1,553,745

Benefit Level Review

Benefit Level Review

As of 07/19/2021

The purpose of this review is to provide an analysis of your annual financial requirement, the cost of being in the pension business, compared to the amount of annual reductions, Fire State Aid and investment earnings, based on your current benefit level. At a minimum, the amount of the annual Fire State Aid should be dedicated to cover those financial requirements.

If a portion of your annual Fire State Aid is not dedicated to the annual financial requirement, please consider the information below in determining if your entity should request a cost analysis for a benefit level increase. We have provided an estimated benefit level at which the annual Fire State Aid would cover the annual financial requirement.

If you have dedicated your annual Fire State Aid along with a portion of your annual investment earnings, we have provided an estimated benefit level at which the annual Fire State Aid along with the annual 6% investment earning would cover the annual financial requirement. An upper range, if you will.

Governing bodies with benefit levels that incur annual financial requirements greater than the annual reduction amount will owe a required contribution.

Outcome:

Fire State Aid, along with investment earnings, are dedicated to annual financial requirement.

Current Benefit Level Analysis

Current Benefit Level:	\$ 3,900
Financial Requirement at 12/31/2022	\$ 94,991
Fire State Aid	\$ 65,810
6% Interest on Projected Present Assets	\$ 93,225
Funding Ratio	108%

For your information, below is the estimated benefit level where the annual Fire State Aid along with a portion of annual investment earnings cover the annual financial requirement; while maintaining a surplus funding ratio.

Estimated Benefit Level Analysis FSA plus Investment Earnings = Financial Requirement

Estimated Benefit Level:	\$ 4,200
Financial Requirement at 12/31/2022	\$ 113,516
Fire State Aid	\$ 65,810
6% Interest on Projected Present Assets	\$ 93,225
Funding Ratio	101%

We hope this review provides guidance for your organization relating to a range of benefit levels, the financial requirements at those levels, and reductions available to cover those financial requirements.

The request for a cost analysis of a benefit level increase form is attached to this email if you would like to have more detailed information provided to you pertaining to various benefit levels.

**Request for a Cost Analysis of Retirement Coverage
In the Lump-Sum Division of the Statewide Volunteer
Firefighter Plan (SVF Plan)**



The process for electing coverage of volunteer firefighters by the SVF Plan is initiated by a request for a cost analysis of the prospective retirement coverage using this form. Once completed, the form must be signed by representatives of the relief association (if one exists) and the governing body operating the fire department, and returned to the Public Employees Retirement Association (PERA) using the address or email listed at the bottom of this form. Transfer of coverage must be approved by the relief association (if one exists) and the governing body before November 30, 2022.

PART A – INFORMATION REQUEST

<p>Name of Fire Department:</p> <p>Amount of Special Fund Assets: Date: _____ \$ _____ <i>(Complete Part D of this form)</i></p>	<p>Relief Association Bylaws:</p> <p>Current service pension level per year of service: \$ _____ (or) Defined contribution average account balance: \$ _____</p>
---	--

Relief Association Bylaw: Current vesting schedule – **PROVIDE** an electronic copy of current bylaws

vesting beginning at 40% after 5 years, increasing by 4% until 100% at 20 years

vesting beginning at 40% after 5 years, increasing by 12% until 100% at 10 years

vesting beginning at 40% after 10 years, increasing by 6% until 100% at 20 years

other: _____

We request a cost analysis of joining the SVF Plan using the following service pension level(s).
Note: An existing service pension level may not be decreased. Defined contribution minimum service pension must be at least 95% of average account balance. Departments with no prior relief association will start at a service pension level of \$500. (Service pension level range is \$500 - \$15,000)

\$ _____ \$ _____ \$ _____ \$ _____

We request a cost analysis of joining the SVF Plan using the following vesting schedule(s).
Note: The entity may not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the relief association.

vesting beginning at 40% after 5 years, increasing by 4% until 100% at 20 years

vesting beginning at 40% after 5 years, increasing by 12% until 100% at 10 years

vesting beginning at 40% after 10 years, increasing by 6% until 100% at 20 years

Request for Cost Analysis, page 2

Statewide Volunteer Firefighter Plan Request for Cost Analysis

PART B – SIGNATURE OF RELIEF ASSOCIATION (if one exists)	
The relief association board requests that PERA provide a cost analysis of retirement coverage in the SVF Plan for the volunteer fire department members.	
Name of Relief Association	Name of Board Secretary <i>(please print)</i>
Signature of Relief Association Secretary	Date
Email Address	Phone Number

PART C – SIGNATURE OF THE GOVERNING BODY OF THE FIRE DEPARTMENT	
The entity(ies) listed below requests that PERA provide a cost analysis of retirement coverage in the SVF Plan for the volunteer fire department members.	
Governing Body is: ___ Municipality; ___ Independent nonprofit FF Corp; ___ Joint Powers Entity	
Name of Governing Body	Name of Chief Administrative Officer
Signature of Chief Administrative Officer	Date
Email Address	Phone Number

PART C - Continued for Joint Power Entity SIGNATURE GOVERNING BODY OF THE FIRE DEPARTMENT	
<i>Joint Powers Entity: Each governing body associated with the joint powers entity must have an administrative officer execute the request for a cost analysis by signing below.</i>	
Name of Governing Body	Name of Chief Administrative Officer
Signature of Chief Administrative Officer	Date
Email Address	Phone Number

Name of Governing Body	Name of Chief Administrative Officer
Signature of Chief Administrative Officer	Date
Email Address	Phone Number

Request for Cost Analysis, page 3

Statewide Volunteer Firefighter Plan Request for Cost Analysis

PART D – ASSET LISTING	
<i>The State Board of Investment (SBI) is required to review any assets that might be transferred to the statewide plan. To begin the review, please complete the section below by listing all investments or bank accounts in the special fund and PROVIDE recent statements for each account.</i>	
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance
Type of Asset/Investment/Bank Account	Balance

Updated June 2022; sn

Request for Cost Analysis Results

Public Employees Retirement Association of Minnesota
 60 Empire Drive, Suite 200
 St. Paul, MN 55103-2088
 Phone: 651-296-7460 or 1-800-652-9026
 Website: www.mnpera.org



July 13, 2022

PERA ID

Governing Body and Fire Chief

We received your request for a cost analysis to estimate the cost of joining the Statewide Volunteer Firefighter Plan administered by PERA. Based on the information you provided to us, we have prepared this cost analysis for the benefit levels and vesting schedule you requested. The results are shown below.

	\$ 1,000	\$ 1,100	\$ 1,200	\$ 1,300
A, Benefit Level (per year of service):				
B, Projected Present Assets 12/31/2022 [Attached]	351,549	329,779	329,779	329,779
C, Accrued Liability 12/31/2022 [Attached]	356,899	390,478	424,140	457,764
D, Surplus/ (Deficit) [B-C]	(5,350)	(60,699)	(94,361)	(127,985)
E, Funding Ratio at 12/31/2022 [B/C]	99%	84%	78%	72%
F, Accrued Liability 12/31/2023[Attached]	387,563	424,194	460,918	497,645
G, Annual Financial Requirement: Increase in Liability [F -C]	30,663	33,716	36,778	39,881
H, Annual Financial Requirement: PERA Fees [\$30/member]	1,050	1,050	1,050	1,050
I, Annual Financial Requirement: 1/10th of Deficit/(Surplus) [D/10]	535	6,070	9,436	12,799
J, Annual Financial Requirement: Total [G+H+I]	32,248	40,836	47,264	53,729
K, Reductions to Annual Financial Requirement:				
Projected Annual Fire State Aid [2022 Amount @1.035]	16,264	16,264	16,264	16,264
Projected Investment Earnings [6% on Projected Assets 12/31/2022]	21,093	21,093	21,093	21,093
L. Estimated Required Contribution [J - K]	None	\$ 3,479	\$ 9,907	\$ 16,372

Please note that these are estimates only. Should you choose to join the statewide plan on January 1, 2023, in accordance with Minnesota Statutes Section 353G.08 Subdivision 1, we will calculate the required contribution for December 31, 2023, and provide that information to the governing body soon after we receive the resolution to join. The figures shown above on Line L are estimates of required contributions that would be due on December 31, 2023.

The estimate calculations were based on member information that was available at the time of preparing the analysis. Please review the membership data, our source was your SC-22 form, and make any corrections to that data. If you return that to me, I will prepare an updated cost estimate for you to review.

If you have any questions, please do not hesitate to contact me by phone (651-201-2666) or by email at sharyn.north@mnpera.org.

Sincerely,

Sharyn North
 Principal Accounting Officer, PERA

Statewide Volunteer Firefighter Plan: Request for a Cost Estimate of an Increase in the Service Pension Level



The process for increasing service pension levels in the Statewide Volunteer Firefighter Plan (SVF Plan) is initiated by a request for a cost estimate of the prospective service pension levels using this form. Once completed, the form must be signed by either the representative of the governing body operating the fire department or by the fire chief of the department, and returned to the Public Employees Retirement Association (PERA) using the address or email listed at the bottom of this form. Please note: Service pension levels cannot be decreased. An increase in the service pension level must be approved by the governing body within 120 days of receipt of the cost analysis.

INFORMATION REQUEST	
Name of Fire Department:	Existing service pension level per year of service:
<p><i>We would like PERA to provide a cost estimate of increasing the service pension level to the following level(s):</i></p> <p style="text-align: center;"> \$ _____ \$ _____ </p> <p style="text-align: center;"> \$ _____ \$ _____ </p>	

Note: Signature of either the governing body or the fire chief is required:

SIGNATURE OF THE GOVERNING BODY OF THE FIRE DEPARTMENT (OR)	
Governing Body is: ___ Municipality; ___ Independent nonprofit FF Corp; ___ Joint Powers Entity; <i>[provide signature of each governing body associated with the joint powers entity]</i>	
Governing Body	Name of Chief Administrative Officer
Signature of Chief Administrative Officer	Date
Email Address	Phone Number
Anticipated Effective Date of Increase January 1, 2023	

SIGNATURE OF THE FIRE CHIEF OF THE FIRE DEPARTMENT	
Governing Body is: ___ Municipality; ___ Independent nonprofit FF Corp; ___ Joint Powers Entity	
Name of Fire Department	Name of Fire Chief
Signature of Fire Chief	Date
Email Address	Phone Number
Anticipated Effective Date of Increase January 1, 2023	

Updated feb22; sn

Please Return to: PERA, 60 Empire Drive Suite 200, St. Paul, MN 55103 or Sharyn.north@mnpera.org



Statewide Volunteer Firefighter (SVF) Plan APPLICATION FOR LUMP-SUM SERVICE PENSION

To be eligible for a service pension, a firefighter must be at least 50 years old; be vested, which means having acquired a minimum of 5 years of service with the fire department; and be separated from active service for a minimum of 30 days.

Instructions: You must complete this form before PERA can pay you a service pension. Your Fire Chief is to complete Part C to verify your eligibility. You must complete Parts A and B of the application and sign it in the presence of a notary public, Part D.

Please read DATA PRIVACY NOTICE on page two of this form.

PART A - YOUR INFORMATION

LAST NAME	FIRST NAME AND MIDDLE INITIAL	PERA ID NUMBER (IF KNOWN)
ADDRESS—STREET	CITY	STATE ZIP CODE
LAST FOUR OF SSN	BIRTH DATE—MM/DD/YYYY	DAYTIME PHONE NUMBER

PART B - YOUR OPTIONS

Choose one of the three options below. All payments will be mailed to the applicant at the address provided above.

1. PAYOUT: entire amount payable to me

WITHHOLDING TAXES:

FEDERAL TAX: 20% federal taxes will be withheld.

MINNESOTA RESIDENT STATE INCOME TAX: Note - Gross pension greater than \$4,000 will have default Single/0 rate of Minnesota Income tax withheld unless you select one of the following AND return a completed *Form W-4MNP* provided on page 4.

- Request to withhold a different Minnesota income tax amount, or
- Elect no Minnesota income tax withholding

2. ROLLOVER: Entire amount payable to company receiving the rollover.

If you choose a rollover option, IRS regulations require you to deposit the rollover check with the qualified plan/IRA within 60 days of issuance of check.

NAME OF COMPANY (E G VANGUARD, FIDELITY, ETC)
--

Check if ROTH IRA

3. SPLIT PAYOUT/ROLLOVER: partial amount payable to me, remainder payable to qualified plan/IRA
REVIEW PART 1 TAX WITHHOLDING INFORMATION ON PAYOUT (ABOVE)

AMOUNT PAYABLE TO ME (IN WHOLE DOLLARS)	NAME OF COMPANY RECEIVING REMAINDER
\$	

Check if ROTH IRA

PART C - FIRE CHIEF TO COMPLETE

The firefighter named above has permanently terminated all service with this fire department.

Termination Date	Service Entry Date	Total Good Time Service Credits Earned (net of any Leave of Absence)	Name of Fire Department
		Years Months	

Fire Chief name printed _____ Fire Chief signature _____

PART D - NOTARY PUBLIC

You must sign this form in the presence of a notary public. Only the original application with signature and notary will be processed. Do not submit by fax or email. See mailing address below.

Subscribed and sworn to before me this _____ day of _____ year

SIGNATURE OF NOTARY

SIGNATURE OF APPLICANT

Notary Public of _____ County

PRINTED NAME OF APPLICANT

My Commission Expires: _____

NOTARY SEAL REQUIRED

DATA PRIVACY NOTICE: PERA is asking for private data in order to process your request. You are not legally required to provide this information and may refuse to provide all or some of the information requested. However, PERA may not be able to process your request if you do not provide sufficient information. Unless you consent to further release of your private data, access to this information will be limited to the PERA staff who process your request. Your private data may also be released if required or authorized by state or federal law or by a court order.

TAX NOTICE ABOUT YOUR ROLLOVER OPTIONS. Under § 402(f) of the Internal Revenue Code (Code), PERA is required to provide certain information to any recipient requesting an eligible rollover distribution. Please read the enclosed publication, *Tax Notice About Your Rollover Options*, to learn more about your options. In addition, the Code requires that a member receive the notice no less than 30 days and not more than 180 days prior to requesting a distribution.

RETURN COMPLETED FORM TO:



Public Employees Retirement Association
 60 Empire Drive, Suite 200, St. Paul, MN 55103-2088
 1 800.652.9026 | 651.296.7460 | mnpera.org

DO NOT SUBMIT BY FAX OR EMAIL

Form W-4MNP, Minnesota Withholding Certificate for Pension or Annuity Payments

Complete this form to calculate the amount of Minnesota income tax to be withheld from your payments or distributions.

When should I complete Form W-4MNP?

Complete Form W-4MNP if you receive payments or distributions from an annuity or pension.

Note: The Minnesota Department of Revenue may receive a copy of your Form W-4MNP. You may be subject to a \$500 penalty if you provide a false Form W-4MNP.

You must enter your Social Security Number for this Form W-4MNP to be valid.

Complete a Form W-4MNP if you receive payments or distributions from an annuity or pension.

What if I have completed federal Form W-4P?

If you completed a 2022 Form W-4P, you must complete Form W-4MNP to determine your Minnesota withholding allowances.

What if I choose to not have Minnesota income tax withheld?

If you choose to not have Minnesota income tax withheld, complete only Section 2 of Form W-4MNP and sign the form to validate it.

Section 1 — Minnesota Allowances Worksheet

Complete Section 1 to find your allowances for Minnesota withholding tax. Withholding must be based on allowances you claimed and may not be a flat amount of percentage of payments or distributions.

If you expect to owe more income tax for the year than will be withheld, you can claim fewer allowances or request additional Minnesota withholding. Enter the amount of additional Minnesota income tax you want withheld on line 2 of Section 1.

Head of Household Filing Status

You may claim Head of Household as your filing status if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself, your dependents, and other qualifying individuals. Enter "1" on Step E if you may claim Head of Household as your filing status on your tax return.

What if I itemize deductions on my Minnesota return or have other nonwage income?

Use the Itemized Deductions and Additional Income Worksheet to find your Minnesota withholding allowances. Complete Section 1 on page 1, then follow the steps in the worksheet on the next page to find additional allowances.

Itemized Deductions and Additional Income Worksheet

1	Enter an estimate of your 2022 Minnesota itemized deductions. For 2022, you may have to reduce your itemized deductions if your income is over \$206,050 (\$103,025 for Married Filing Separately).	_____
2	Enter one of the following based on your filing status:	_____
 a. \$25,800 if Married Filing Jointly	_____
	b. \$19,400 if Head of Household	_____
	c. \$12,900 if Single or Married Filing Separately	_____
3	Subtract step 2 from step 1. If zero or less, enter 0	_____
4	Enter an estimate of your 2022 additional standard deduction (from page 11 of the Form M1 instructions)	_____
5	Add steps 3 and 4	_____
6	Enter an estimate of your 2022 taxable nonwage income	_____
7	Subtract step 6 from step 5. If zero, enter 0. If less than zero, enter the amount in parentheses	_____
8	Divide the amount on step 7 by \$4,450. If a negative amount, enter in parentheses. Do not include fractions	_____
9	Enter the number on step F of Section 1 on page 1	_____
10	Add step 8 and 9 and enter the total here. If zero or less, enter 0. Enter this amount on line 1 of page 1.	_____

Section 2 — Election to Not Withhold Minnesota Income Tax

Your payor will not withhold Minnesota taxes from your pay if you choose to not withhold Minnesota income tax.

Nonresident Alien

If you are a nonresident alien for federal tax purposes, do not complete Section 2.

Additional Minnesota Withholding

If you would like an additional amount of tax to be deducted each pension or annuity payment or distribution, enter the amount on line 2. Do not enter a percentage of the payment or distribution you want to be deducted.

Use of Information

All information on Form W-4MNP is private by state law. It cannot be given to others without your consent, except to the Internal Revenue Service, to other states that guarantee the same privacy, or by court order. Your name, address, and Social Security Number are required for identification. Information about your allowances is required to determine your correct tax. We ask for your phone number so we can call if we have a question.

Questions?

- Website: www.revenue.state.mn.us
- Email: withholding.tax@state.mn.us
- Phone: 651-282-9999 or 1-800-657-3594 (toll-free)

2022 W-4MNP, Minnesota Withholding Certificate for Pension or Annuity Payments

Pension or Annuity Recipients

Complete Form W-4MNP so the financial institution making these distributions can withhold the correct Minnesota income tax. Consider completing a new Form W-4MNP each year or when your personal or financial situation changes. If you do not want income tax withheld from your distributions see Section 2.

First Name and Initial	Last Name	Social Security Number
Permanent Address		Claim or Identification Number (if any) of your Pension or Annuity Contract
City	State	ZIP Code

Marital Status:
 Single; Married, but legally separated; or Spouse is a nonresident alien
 Married
 Married, but withhold at higher Single rate

Complete Section 1 OR Section 2, then sign the bottom of the recipient's section and give the completed form to your financial institution.

Section 1 — Determining Minnesota Allowances

- A** Enter "1" if no one else can claim you as a dependent **A** _____
- B** Enter "1" if any of the following apply: **B** _____
 - You are single and have only one job
 - You are married, have only one job, and your spouse does not work
 - Your wages from a second job or your spouse's wages are \$1500 or less
- C** Enter "1" if you are married. Or choose to enter "0" if you are married and have either a working spouse or more than one job. (*Entering "0" may help you avoid having too little tax withheld.*) . **C** _____
- D** Enter the number of dependents (other than your spouse or yourself) you will claim on your tax return.. . . . **D** _____
- E** Enter "1" if you will use the filing status Head of Household (*see instructions*).. . . . **E** _____
- F** Add steps A through E. If you plan to itemize deductions on your 2022 Minnesota income tax return, you may also complete the Itemized Deductions and Additional Income Worksheet. . . . **F** _____

- 1 Minnesota Allowances.** Enter Step F from Section 1 above or Step 10 of the Itemized Deductions Worksheet **1** _____
- 2** Additional Minnesota withholding you want deducted for each pension or annuity payment (*see instructions*) **2** \$ _____

Section 2 — Election to Not Withhold Minnesota Income Tax

Complete Section 2 if you receive a pension or annuity and choose not to have any tax withheld from any distributions (see instructions).

I certify that all information provided in Section 1 OR Section 2 is correct. I understand there is a \$500 penalty for filing a false Form W-4MN.

Pension or Annuity Recipient Signature	Date	Daytime Phone Number
--	------	----------------------

Pension or Annuity Recipient: Give the completed form to your pension or annuity plan administrator.

Payors (Pension or Annuity)

See the instructions to determine if you must send a copy of this form to the Minnesota Department of Revenue. If required, enter your information below and mail this form to the address in the instructions. (Incomplete forms are considered invalid.) We may assess a \$50 penalty for each required Form W-4MN not filed with us. Keep a copy for your records.

Name of Payor	Minnesota Tax ID Number	Federal Employer ID Number (FEIN)
Address	City	State
ZIP Code		

Under § 402(f) of the Internal Revenue Code (“Code”), PERA is required to provide certain information to any recipient requesting an eligible rollover distribution. In addition, the Code requires that a member receive the notice no less than 30 days and not more than 180 days prior to requesting a distribution.

You are receiving this notice because all or a portion of the payment from PERA is eligible to be rolled over to an IRA (an individual retirement account or individual retirement annuity) or employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan). This notice is intended to help you decide whether to do a rollover.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

- If you do not do a rollover, you will pay taxes on the payment. If you are under age 59 ½, you will also pay a 10% additional income tax (10% tax), unless an exception applies.
- If you do a rollover, you will not pay taxes until you withdraw the payment later from the company receiving the rollover. If you are under age 59 ½ when you withdraw the payment, you will pay a 10% tax (unless an exception applies).

Where may I roll over the payment? You may roll over the payment to either an IRA or employer plan that will accept the rollover. The IRA or employer plan rules will determine your investment options, fees, withdrawal rights, and applicable taxes when you receive the payment.

How do I do a rollover? There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover:

- If you do a direct rollover, PERA will make the check payable to your rollover company, for the benefit of you. We mail the check directly to you. You should contact the company receiving the rollover about how to do a direct rollover.
- If you do not do a direct rollover, you may still do a rollover by depositing into an IRA or employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, PERA is required to withhold 20% of the payment for federal income taxes. To roll over the entire payment, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount, the portion not rolled over will be taxed.

How much may I roll over? If you wish to do a rollover, you may roll over all or part of the eligible amount. Any payment from PERA is eligible for rollover, except:

- Required minimum distributions (RMD) after age 72* (or after death)
- Corrective distributions of contributions that exceed tax law limitations
- Certain payments spread over a period of at least ten years, your life, or life expectancy (or the lives or joint life expectancy of you and your beneficiary)

PERA will tell you what portion of the payment is eligible for a rollover.

*RMD Age: If you reach age 70½ as of January 1, 2020, your required minimum distribution age is 70½, not age 72.

If I don't do a rollover, will I pay the 10% additional income tax on early distributions? If you are under age 59 ½, you will pay the 10% tax on any payment from PERA (including amounts withheld for income tax) that you do not roll over. This tax is in addition to the federal income tax on the payment.

The 10% tax does not apply to the following payments:

- Payments made after separation from service if you will be at least age 55 in the year you separate from public service
- If you are a public safety employee in a defined benefit plan and at least age 50 in the year you separate from public service
- Payments made due to disability
- Payments after your death
- Corrective distributions of contributions that exceed tax law limitations
- Payments made to the government for a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments made at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary) that start after you separate from service
- Certain payments made while on active duty if you were a reserve component member called to duty after September 11, 2001, for more than 179 days

If I do a rollover to an IRA, will the 10% tax apply to early distributions from the IRA? If you receive a payment from an IRA when you are under age 59 ½, you will pay the 10% tax on early distributions from the IRA, unless an exception applies. Generally, the same exceptions listed above apply with an IRA.

However, there are a few differences with payments from an IRA:

- There is no exception if you will be at least age 55 in the year you separate from public service (50 for public safety)
- The exception for QDROs does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse)
- There are additional exceptions for:
 - Payments for qualified higher education expenses
 - Payments up to \$10,000 for qualified first-time home purchase
 - Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status)

State income taxes. This notice does not describe any State or local income tax rules (including withholding rules).

FOR MORE INFORMATION

You may wish to consult with a professional tax advisor before taking a payment from PERA. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: *IRS Publication 575, Pension and Annuity Income*; *IRS Publication 590, Individual Retirement Arrangements (IRAs)*; and *IRS Publication 571, Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at irs.gov, or by calling 1-800-TAX-FORM.

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions. After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over a payment to an IRA that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and a portion is paid to you, each of the payments will include an allocable portion of the after-tax contributions. If you do a 60-day rollover to an IRA of only a portion of the payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a complete distribution of your benefit which totals \$12,000, of which \$2,000 is after-tax contributions. In this case, if you roll over \$10,000 to an IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions. You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you roll over your payment to a Roth IRA. A special tax rule applies to the payment rolled over to a Roth IRA (reduced by any after-tax amounts). The 10% additional tax will not apply (unless you take the amount rolled over out of the Roth IRA within five years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later withdrawals from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a withdrawal made after age 59½ (or after your death or disability, or as a qualified first-time home buyer distribution of up to \$10,000) and after you have had a Roth IRA for at least five years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Withdrawals that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% tax (unless an exception applies). You do not have to take RMDs from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements.

If you were born on or before January 1, 1936.

If you do not roll over the payment, special rules for calculating the amount

of the tax on the payment might apply to you. For more information, see IRS Publication 575, Pension and Annuity Income.

If you miss the 60-day rollover deadline.

Generally, the deadline cannot be extended. However, the IRS has limited authority to waive the deadline under certain extraordinary circumstances. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

If you are not a PERA member.

- Payments after the death of the member. If you do not roll over a payment received after a member's death, it will generally be taxed the same manner described in this notice. The 10% tax on early distributions does not apply. The special rule described under the section "If you were born on or before January 1, 1936" applies only if the member was born on or before January 1, 1936.
 - If you are a spouse. If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA. If you treat the IRA as your own, withdrawals from the IRA made to you before age 59½ will be subject to the 10% tax (unless an exception applies) and RMDs from the IRA do not start until age 72*. If you treat the IRA as an inherited IRA, withdrawals from the IRA will not be subject to the 10% tax. However, if the member started taking RMDs, you will have to receive RMDs from the inherited IRA. If the member had not started taking RMDs, you will not start receiving RMDs from the inherited IRA until the year the member would have been age 72*.
 - If you are a named beneficiary other than a spouse. The only rollover option you have is a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% tax. You will receive applicable RMDs from the inherited IRA.
- Payments under a qualified domestic relations order (QDRO). If you are the spouse or former spouse of the member, you generally have the same options and tax treatments as the member. Payments under the QDRO will not be subject to the 10% tax.

If you are a nonresident alien. If you do not do a direct rollover to a U.S. IRA or U.S. employer plan, PERA is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the tax owed, you may request an income tax refund by filing *Form 1040NR* and attaching your *Form 1042-S*. See *Form W-8BEN* for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also *IRS Publication 519, U.S. Tax Guide for Aliens*, and *IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules.

- If your payments for the year are less than \$200 (not including payments from a designated Roth account in PERA), PERA is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover. You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see *IRS Publication 3, Armed Forces' Tax Guide*.

This publication is intended to provide general information and may not be considered to be a legal interpretation of the law governing PERA or financial advice. PERA provides this publication for informational purposes and makes no representations or warranties, express or implied, with respect to the information in this publication. The rights and obligations of PERA members are governed by state and federal laws, rules and regulations. The Minnesota Legislature or the federal government may change the statutes, rules, and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this publication, the statutes and regulations will govern. This document can be made available in alternative formats to individuals with disabilities by calling 651-296-7460 or 1-800-652-9026, or through the Minnesota Relay Service at 1-800-627-3529.



SVF

Statewide Volunteer Firefighter (SVF) Plan

Notes & News

Public Employees Retirement Association

JULY 2022



2022 Legislative update

Legislation impacts Statewide Volunteer Firefighter Plan

The 2022 Omnibus Retirement Bill includes provisions impacting PERA's Statewide Volunteer Firefighter (SVF) Plan. The Governor signed the bill into law in May 2022. Here are highlights from these provisions:

• **Repeal of the alternative lump-sum service pension**

The alternative lump-sum service pension or the five-year transition period impacted firefighters who retired under the SVF Plan during the first five years after the relief association joined the SVF Plan. The alternative lump-sum service pension would have used the benefit level of the relief association. With the repeal, a firefighter in this situation will receive the benefit level the SVF Plan selects. *See related article on page 2 for more detail.*

• **Vesting options for entities joining the SVF Plan**

When joining SVF, an entity must identify the desired service pension amount and select a vesting schedule. The three available schedules are vesting beginning at:

- 40 percent after 5 years, increasing by 4 percent until 100 percent at 20 years;
- 40 percent after 5 years, increasing by 12 percent until 100 percent at 10 years; or
- 40 percent after 10 years, increasing by 6 percent until 100 percent at 20 years.

The entity may not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former relief association.

KEEP YOUR CONTACT INFORMATION CURRENT

See page 5 for details.

The SVF Plan serves 205 departments with more than 5,000 firefighters enrolled and \$140 million invested.

What's Inside:



Plan assets and market return/Page 2



Did You Know?/Page 3
Important plan information, changes to state income tax



Answers to your most frequently asked questions/ Page 4

SVF Plan Account Performance

The one year return for the Volunteer Firefighter Account went from +20.8 percent as of June 30, 2021, to -12.7 percent as of June 30, 2022.

Over the last year, global financial markets felt the impact of the Russia-Ukraine war and other geopolitical risks, as well as an aggressive Federal Reserve raising rates to tame inflation that is at a 40-year high. The State Board of Investment (SBI) structures the strategic allocation for the Volunteer Firefighter Account to meet participating plans' long-term investing goals. The strategic investment allocation continues to be a 45 percent bond, 35 percent domestic equity, 15 percent international equity and a 5 percent cash allocation.

Since SBI prepares the financial information for governing entities in SVF on a calendar year basis, the performance summary for the last five calendar years is also shown below.



	Annualized Returns (%) as of June 30, 2022				Calendar Year End (12/31) Returns (%)				
	Qtr.	1 Year	3 Year	5 Year	2021	2020	2019	2018	2017
U.S. Equity Index Fund	-16.7	-13.7	10.0	10.8	26.2	21.2	31.1	-5.3	21.1
Broad International Equity Fund	-11.9	-17.4	2.6	3.3	9.0	11.3	22.4	-14.5	27.7
Bond Fund	-5.7	-11.7	-0.5	1.3	-1.1	9.7	9.7	0.0	4.2
Money Market Fund	0.2	0.3	0.7	1.2	0.1	0.7	2.4	2.1	1.1
Volunteer Firefighter Account	-10.4	-12.7	4.1	5.2	9.7	14.7	18.3	-3.7	13.2

2022 legislation in more detail; impact on SVF Plan

Continued from front page

The legislation adopted in 2022 repeals the alternative lump-sum service pension or five-year transition period.

Three significant changes to the SVF Plan will take effect Jan. 1, 2023:

1. For active members (for departments joining Jan. 1, 2019 – Jan. 1, 2022), the law will base the minimum years of service to vest in an SVF Plan service pension on total service with the department, rather than service rendered after joining PERA. The purpose of this change is to accelerate pension vesting for active members.
2. Departments that initially joined PERA as a defined contribution (slice-of-the-pie) relief association will transition to the SVF Plan's defined benefit methodology, meaning PERA bases the service pension amount on a per-year benefit level.
3. Plan members that separate from service and are entitled to a fully or partially vested service pension will receive a service pension based on the benefit level in effect for their department on the day of their separation.

DID YOU KNOW?

Resources for more information

IMPORTANT PLAN INFORMATION

In 2022, PERA is providing SVF Plan participants with two reports containing important information about their pension plans:

1. Active Service Member Report: This report is distributed to fire departments that joined the SVF Plan between 2010 and 2017. The purpose of this report is to provide fire departments with the service credit, pension vesting status,

and pension dollar amount for each of their active firefighters as of the beginning of the year (Jan. 1, 2022). PERA has asked those receiving this report to share its contents with their active firefighters.

2. Annual Funding Report: The purpose of this report is to provide fire departments with their required pension plan contribution, if any, due to be paid to PERA by Dec. 31, 2023.



IMPORTANT CHANGES TO MINNESOTA RESIDENT STATE INCOME TAX

Minnesota income tax will be automatically withheld from gross service pension payments at Minnesota's Single/0 income tax rate, unless the beneficiary elects that a different amount or no Minnesota income tax be withheld.

To elect Minnesota income tax withholding different from the Single/0 rate and to learn more about your service pension benefit options, please refer to the *Service Pension Application* available on PERA's website at mnpera.org.

Consistent with prior years, PERA does not withhold income tax for any other state, and withholds federal tax of 20 percent on the total gross service pension benefit regardless of residency.

Welcome to our new team member

We are pleased to announce the addition of Gemma Miltich to PERA's Finance team in June 2022.

Gemma is a Certified Public Accountant who will be working primarily with the SVF pension plan. Gemma has prior experience as a financial accountant and auditor.

She grew up on the Iron Range in Cohasset, MN and now lives in Saint Paul. She is looking forward to learning the SVF Plan and becoming a helpful resource to the SVF Plan members.



Send us an email

If you have topics you would like to see in the newsletter, let us know. Please email us at: PERASVF@mnpera.org.

Frequently Asked Questions

Do you have a question you would like us to answer in our FAQ?
Email your questions to PERASVF@mnpera.org.

How does a fire department join the SVF Plan?

Here's how to join the SVF Plan:

- Ask for a *Request for a Cost Analysis* form by emailing PERASVF@mnpera.org
- Complete the *Request for a Cost Analysis* form. Representatives of the relief association (if one exists) and the governing body operating the fire department must sign the form.
- Return the completed form to PERA. PERA will process the completed, signed form and provide the department with a study showing the cost to join the SVF Plan.

Note: To join the SVF Plan by Jan. 1, 2023, the relief association (if one exists) and governing body must approve the transfer of pension benefits to the SVF Plan before Nov. 30, 2022.

What conditions must be met before a firefighter is entitled to receive an SVF Plan service pension benefit?

The firefighter must:

1. **Separate from active service.**

A firefighter must be separated from active service for at least 30 days.

2. **Be at least 50 years old.**

If a firefighter is not age 50, the service pension will be deferred with no interest until the member applies for their service pension benefit after turning 50;

3. **Meet vesting requirements.**

A firefighter must have served the minimum number of years to vest their pension, according to the department's

vesting schedule. Five years is the minimum number of vesting years for all departments within the SVF Plan as of Dec. 31, 2022, AND

4. **Apply for the service pension benefit.**

The firefighter needs to complete and submit the *Service Pension Application* form available on PERA's website.

How does a firefighter apply for their lump-sum service pension benefit?

Before a firefighter applies for a service pension benefit, they must be entitled to receive the benefit. See the previous FAQ.

To apply for a lump-sum service pension benefit, complete the *SVF Plan Application for Lump-sum Service Pension* available on PERA's website.

Once the application is complete, send the original, signed, and notarized application by mail to PERA at 60 Empire Drive, Suite 200, Saint Paul, MN 55103-2088. DO NOT submit the application by fax or email.

Note: PERA will only process original, signed, and notarized applications (not copies).

Who is eligible for and how can they apply for a monthly service pension?

Eligibility for a monthly service pension is based on the fire department's retirement benefit plan document. The application for a monthly benefit, either retirement or survivor, is available from the department's fire chief.



How is a lump-sum service pension calculated?

[Full Years of Service x Benefit \$ Level x Vested % = \$ Service Pension]

• **Full Years of Service:**

Department-certified service at time of separation from service.

• **Benefit Level:**

Benefit amount in effect at the time of separation from service.

• **Vested Portion:**

The percentage (out of 100 percent) that the service pension is vested. In most cases, vesting begins at 40 percent after 5 years, increasing by 4 percent until 100 percent vesting is reached at 20 years.

How can a governing body make an additional (voluntary) contribution to their SVF Plan account?

Write a check payable to PERA for the amount of your voluntary contribution. Include *SVF Additional Contribution* on the memo line of the check. Mail the check to PERA at: 60 Empire Drive, Suite 200, Saint Paul, MN 55103-2088.

Important Dates and Annual Reporting

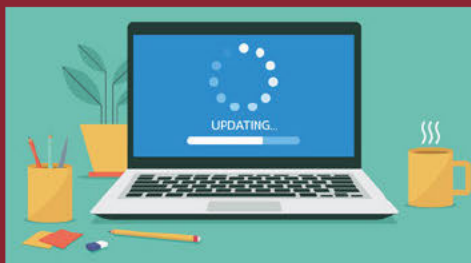
JANUARY	<i>Annual Service Credit Certification</i> form was emailed to the fire chief and governing body representative; the deadline to complete this form was March 31.
FEBRUARY	PERA submits <i>Department of Revenue Supplemental Benefit Reimbursement</i> form on behalf of department, as applicable.
MARCH	<p>PERA receives reimbursement funds from Department of Revenue and deposits in fire department plan account, as applicable.</p> <p>Deadline for governing body and fire chief to submit completed <i>Annual Service Credit Certification</i> form.</p> <p>March and ongoing: PERA to prepare GASB 68 reporting schedules for GAAP-reporting municipalities. PERA bases completion schedule on receiving <i>Annual Service Credit Certification</i> form.</p> <p>PERA will provide summary of prior calendar year investment activity to departments not receiving GASB 68 reporting schedules.</p> <p>March and ongoing: PERA to prepare <i>Active Service Member</i> report for departments. PERA bases completion schedule on receiving <i>Annual Service Credit Certification</i> form.</p>
JULY	PERA to determine the annual funding requirement for each department plan account and will certify the contribution requirement to the governing body.
OCTOBER	Department of Revenue releases fire state aid and supplemental aid to PERA. The monies are deposited in department plan accounts.
NOVEMBER	The relief association (if one exists) and the governing body of a department must approve the transfer of pension coverage to the SVF Plan before Nov. 30, 2022.
DECEMBER	Dec. 31, 2022 is the deadline for submitting a resolution to increase a department's service pension benefit level effective Jan. 1, 2023.

UPDATE YOUR CONTACT INFORMATION

We need your help to ensure that the department's fire chief and SVF representative contact information stays current.

Please note that the governing body's SVF representative must be an employee such as a clerk, treasurer, or finance director.

It's easy to provide the information we need. Simply send an email to: PERASVF@mnpera.org with the updated contact information.



STAY INFORMED

PERA does not maintain contact information for each firefighter. Please share the newsletter, annual funding report, and other information with your members.

Questions?
Contact us. We can help.
PERASVF@mnpera.org

Minnesota Statewide Volunteer Firefighter (SVF) Plan

Minnesota State Statute 353G



MN's Volunteer Firefighter Community

- 800 volunteer fire departments
- 700 of the departments have a service pension plan
- Defined Benefit and Defined Contribution Plans

The model for the SVF Plan is a Defined Benefit Lump-Sum Plan; which represents the majority of local relief associations.



Definition of Volunteer Firefighter

Minnesota State Statute 353G.01, subd.15:

volunteer firefighter/ 1. a person who is an active member of a municipal fire department or independent nonprofit firefighting corporation and who, in that capacity...



Definition of Volunteer Firefighter

- engages in fire suppression activities,
- provides emergency response services,
- delivers fire education or prevention services on an on-call basis.



Statistics

Plan began in 2010 with six departments

Today there are 204 departments enrolled

2022 Membership

Members	5,400
Assets	\$152 Million



ADVANTAGES AND DISADVANTAGES

Advantages for Volunteer Departments

- Relief from annual reporting/audit requirements
- Transfer of plan administration to PERA
- Comparable or higher benefits at same cost to the municipality



Advantages for Volunteer Departments

- Expertise of the State Board of Investment
(*6% assumed earnings vs. 5%*)
- Portability within SVF Plan
- Minimal administration and investment fees



Termination or Transfer of Account

An entity is eligible to terminate SVF Plan account if it has eliminated its fire department or ceased the services of departing firefighters and has assets to cover all liabilities

An entity may initiate the transfer of records, assets, and liabilities to a relief association that will be associated with the entity at the time of transfer



Disadvantages for Volunteer Departments

- Loss of local plan control
- Defined contribution option (slice-of-the-pie) is not available





PLAN FUNDING AND ADMINISTRATION

Funding

SBI Supplemental Investment Fund Fire Account

6/30		12/31	
Fiscal year-end annual return		Calendar year-end annual return	
2017	10.31%	2017	13.19%
2018	5.83%	2018	-3.71%
2019	7.34%	2019	18.27%
2020	4.22%	2020	14.7%
2021	20.8%	2021	9.67%
5-year rate of return	10.2%	5-year rate of return	10.3%

Cash	5%
Domestic Stock	35%
International Stock	15%
Fixed Income	45%



Funding

Department accounts funded by:

- Transferred plan assets
- Annual fire state aid
- Required or voluntary contributions
- Investment earnings



Annual Costs

PERA fees: \$30/participant

Investment fees:

\$0.06 per \$1,000 invested in [6/10ths of 1%]



Governance

ADMINISTRATION

PERA Board of Trustees/Executive Director

- Policy-making
- Management
- Administration




Governance

LEGISLATION

SVF Plan Advisory Board *Appointed by:*

- Cities (2) -League of MN Cities
- Townships (1) -MN Association of Townships
- Fire Chief (1) -MN State Fire Chiefs Association
- Firefighters (2) -Fire Chiefs Association
- Firefighter (3) -MN Fire Department Association
- Designee of State Auditor (1)






Minnesota State Statute 356.63(a)

... No assets of a public pension plan may be loaned or transferred to the state or a governmental subdivision or be used to amortize an unfunded actuarial accrued liability in another public pension plan or fund.



Exclusive Benefit Rule

IRC 401(a)(2)

... it is impossible...for any part of the corpus or income to be...used for, or diverted to, purposes other than for the exclusive benefit of his employees or their beneficiaries



ENROLLMENT

Qualifications

- Coverage to all existing relief associations as well as departments without a retirement plan
- Joint decision between firefighters and the governing board of the fire department; municipality, independent nonprofit firefighting corporation, joint powers entity



Three easy steps to enroll:

Step 1

Request a cost analysis* by providing:

- members' ages and years of service
- potential benefit level for SVF
- potential vesting schedule for SVF
- existing assets

* Email
PERASVF@mnpera.org
to request form



Cost Analysis Table

A. Benefit Level (per year of service):	\$500	\$600	\$700	\$1,000
B. Estimated yearly normal cost:	7,030	8,386	9,722	13,768
G. Estimated yearly admin expenses:	1,030	1,030	1,030	1,030
H. PERA's administrative cost (\$30/firefighter)	1,030	1,030	1,030	1,030
E. Estimated beginning liability:	419,604	510,997	600,212	659,760
F. Estimated Deficit Amortization Payment ((E-D)/10):	0	0	0	0
G. Estimated Total Required Contribution (B+C+F):	\$ 7,690	\$9,046	\$10,382	\$14,428
K. Estimated Fire State Aid:	20,130	20,130	20,130	20,130
K. Estimated Investment Income (D x 6%):	13,513	13,513	13,513	13,513
J. Estimated Municipal Required Contribution (G-H-I):	\$ -	\$ -	\$ -	\$ -
Funding Ratio	129%	117%	108%	101%



Enrollment

Step 2

Approval by the governing body and the board of trustees of the relief association, as applicable, before November 30, 2022. Submit board resolutions to notify PERA.



Enrollment

Step 3

State Board of Investment reviews individual investments to be liquidated/transferred



Establishment of Account

Assets transferred by December 31
Account established January 1



Establishment of Account

Relief association must file one last financial report and audit with the state auditor pension division

Governing body must continue to apply annually for fire state aid



IMPORTANT DATES

March 31

Deadline for fire chief to certify good time service credit for previous calendar year

March 31

PERA receives supplemental benefit reimbursements



February - May

PERA prepares GASB 68 schedules for entities reporting on a GAAP basis.

May - June

PERA provides an active member service pension report



By August 1

PERA determines and certifies annual funding requirement to governing body

PERA invoices governing body for any required contributions due by 12/31 of the following calendar year



October 1

PERA receives fire state aid

December 31

Payment due from governing body if required

Resolution for an increase due for January 1st effective date



Ongoing

Increase of a service pension benefit level:

The governing body of a department can change the benefit level once a year to be effective the following January.

The governing body or the fire chief may request PERA to provide a cost analysis of an increase.

Email PERASVF@mnpera.org to request form



THE FUTURE OF THE RELIEF ASSOCIATION

The Relief Association

- The membership may maintain or dissolve the association
- Board membership limited to five people



If Relief Association Maintained

- Maintain a general fund only
- The association no longer pays pensions or benefits not authorized as a general fund disbursement under the relief association bylaws



If Relief Association Maintained

- Fire state aid and contributions from governing body go to PERA
- The association must update bylaws to reflect these changes



Retirement Eligibility

- Minimum age of 50 years old
- Service meets department’s minimum vesting requirement*
- Separated service for a minimum of 30 days

** Good time service is defined by each department*



Benefit Levels

- Set by the governing body and department
- Range from \$500 - \$15,000 per year of good time service credit

\$100 increments

\$15,000



\$900

\$800

\$700

\$600

\$500



Benefit Levels

- May be increased by governing body once per year, effective January 1
- No waiting period to request an cost analysis
- Fire chief or governing body may request cost analysis of an increase



Vesting Schedule A

Years	5	6	7	8	9	10	11	12
% Vested	40%	44%	48%	52%	56%	60%	64%	68%

Years	13	14	15	16	17	18	19	20
% Vested	72%	76%	80%	84%	88%	92%	96%	100%



Vesting Schedule B

Years	5	6	7	8	9	10
% Vested	40%	52%	64%	76%	88%	100%



Vesting Schedule C

Years	10	11	12	13	14	15	16	17
% Vested	40%	46%	52%	58%	64%	70%	76%	82%

Years	18	19	20
% Vested	88%	94%	100%



Benefit Example

Sunfish Fire Department

- 50-year-old firefighter
- 20 years of good time service
- \$800 benefit level

$$20 \text{ years} \times \$800/\text{year} \times 100\% = \$16,000$$



Benefit Example: Vesting Schedule A

Sunfish Fire Department

- 50-year-old firefighter
- 8 years of good time service
- \$800 benefit level

$$8 \text{ years} \times \$800/\text{year} \times 52\% = \$3,328$$



Benefit Example: Vesting Schedule B

Sunfish Fire Department

- 50-year-old firefighter
- 8 years of good time service
- \$800 benefit level

$$8 \text{ years} \times \$800/\text{year} \times 76\% = \$4,864$$



Benefit Example: Vesting Schedule C

Sunfish Fire Department

- 50-year-old firefighter
- 8 years of good time service
- \$800 benefit level

Did not meet minimum vesting requirement; no benefit



Benefit Example: Portability

- Sunfish Fire Department \$1,000 benefit level
- Bass Lake Fire Department \$2,000 benefit level



Benefit Example: *Portability*

Firefighter retires at age 50

- 5 years with Sunfish Fire Department
- 15 years with Bass Lake Fire Department

5 years x \$1,000/year x 40% = \$2,000

15 years x \$2,000/year x 100% = \$30,000

Lump sum = \$32,000



Survivor Benefits

Succession

1. Spouse
2. Minor children
3. Estate



Supplemental Benefits

10% of lump sum retirement benefit amount
(Maximum \$1,000)

20% of lump sum amount if a survivor benefit
(Maximum \$2,000)

PERA is reimbursed by Department of Revenue under Minnesota State Statute 424A.10



Enrolled as an Existing Relief Association Defined Benefit Monthly Plan

- An active member's entitlement to and amount of a service pension is governed by the department's benefit plan document
- Upon enrollment, an entity must select a vesting schedule, monthly vs lump-sum payment, and service pension level as appropriate.
- The fire chief may initiate a post-transfer benefit plan document modification process which could include increases



DEFERRED PENSIONS

Deferred Pensions

Deferred member eligibility same as active member rules

Has minimum service years to vest; eligible for benefit at age 50 and amount is based on benefit level at time of termination, department years of service, and vested portion (department's vesting schedule).

No interest earned on deferred benefits under the SVF Plan.



Deferred Pensions

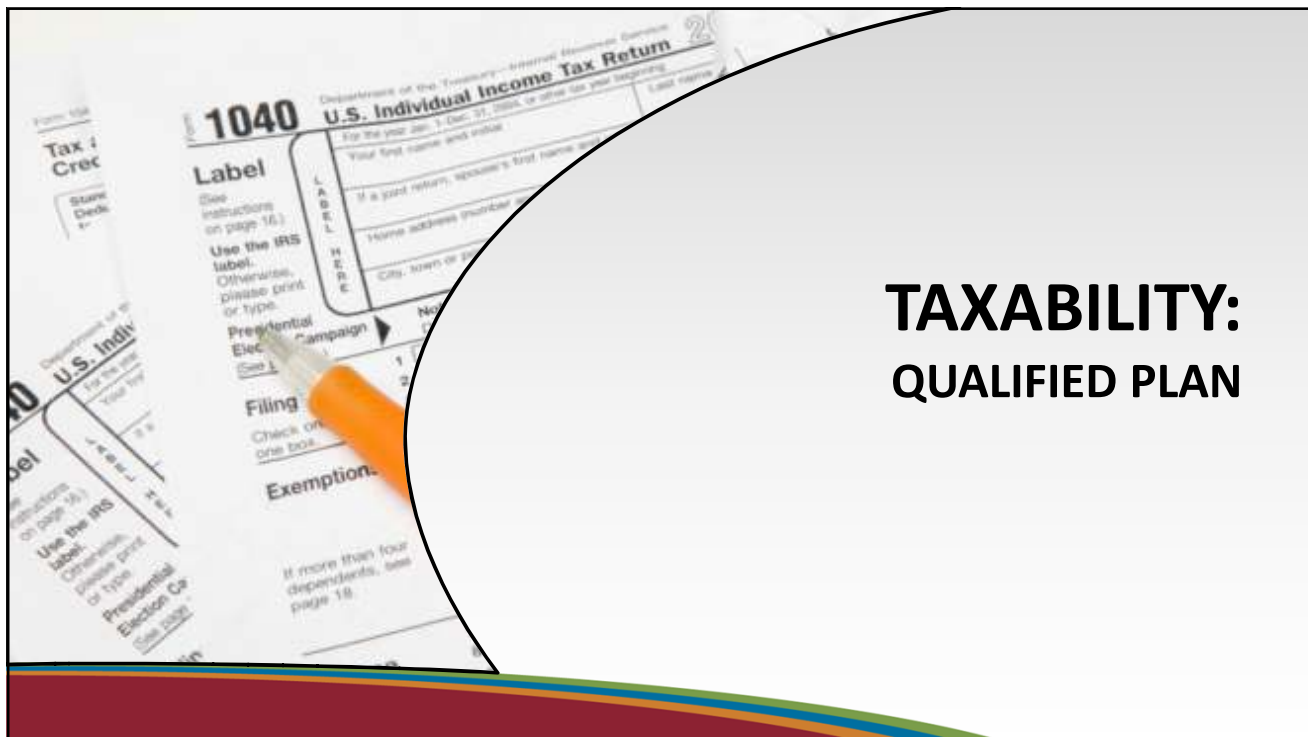
If deferred before department joins SVF Plan, benefit based on vesting requirements, benefit level, interest earnings, and retirement age when firefighter left [SC/DC-23 deferred member worksheet].



Deferred Pensions

In other words...

If deferred before department joins, rules of relief association apply



Taxability

- A lump-sum payment to firefighter requires 20% federal tax withholding
- MN State taxes are required to be withheld.
- Benefit can be rolled over to another tax-qualified account with no federal or MN state withholding



Need more SVF Plan information?

- Call us at 651.201.2666 or 1.800.652.9026



This presentation is intended to provide general information; the rights and obligations of PERA members are governed by state and federal laws, rules and regulations.

The Minnesota Legislature or the federal government may change the statutes, rules and regulations governing PERA at any time. If there is a discrepancy between the law governing PERA and the information contained in this presentation, the statutes and regulations shall govern.



Public Employees Retirement Association of Minnesota

60 Empire Drive, Suite 200
Saint Paul, Minnesota 55103-2088
PERA Website: www.mnpera.org



Your Statewide Volunteer Firefighter (SVF) Plan meets the requirements of a combined fire department as defined in Minn. Stat. § 477B.041. As a result, the governing body is eligible to allocate a portion of fire state aid for employer contributions to the PERA Police and Fire Plan. Statute governs the process of allocating fire state aid and the amount of fire state aid that may be allocated, and impacts fire state aid payable beginning in 2022.

Your numbers

The maximum amount of fire state aid that the SVF Plan may share with the governing body is **\$21,703**.

Here's how we arrived at that amount. The statute requires the maximum amount of state aid that may be shared is the lesser of these three calculations:

- 1. Employer contributions for firefighters paid proceeding calendar year** **\$21,703**
The law does not allow a SVF Plan to allocate an amount of fire state aid that would exceed the entity's employer contributions in the previous calendar year for their career firefighters in the PERA Police & Fire Plan.
- 2. Amount of Fire State Aid estimated due Oct. 1, 2022** **\$114,820**
State law does not allow a Fire Department to share more Fire State Aid than the department is expected to receive in Fire State Aid on October 1 of the current year.
- 3. Fire State Aid plus Supplemental Aid less Financial Requirement** **\$113,014**
State law requires that Fire State Aid plus Supplemental Aid be sufficient to cover the financial requirement for the governing body. The amount of Total Aid that exceeds the financial requirement may be shared.

What's your next step?

1. Create an allocation plan

The aid allocation plan must include the components below:

A. Distribution method

The allocation plan must include the distribution method – or how you plan to share your state aid – using one of the following ways:

- Percent of Fire State Aid,
- Dollar amount, or
- A transfer formula. For example, your plan could specify a certain dollar amount per firefighter or some other formula.

B. Time period

The allocation plan must include the time period covered for the sharing of the plan. The statute allows the governing body to propose a fire state aid allocation plan for up to three years.

C. Date of notice

You must indicate the date you provided notice to firefighters with the allocation plan. The notice must also include that the firefighters have 45 days from that date to petition PERA to stop the allocation plan.

D. Approval

The date in which the governing body of the combination department approved the allocation plan. The municipal clerk or secretary must sign the allocation plan.

2. Submit the allocation plan to PERA.

An aid allocation plan may be submitted to PERA after March 1st for the following calendar year.

PERA's Responsibilities

After PERA receives the allocation plan, the volunteer firefighters have the right to file a petition within the 45 days to stop the proposed fire state aid allocation plan. During that 45 day window, PERA will provide education to the volunteer firefighters regarding the impact of the aid allocation plan.

A. No Petition

If no petition is filed, the fire state aid allocation plan will go into effect the next calendar year. PERA will notify the governing body and the volunteer firefighters the estimated amount that will be distributed the following year. The distribution of the Fire State Aid will be sent to the governing body no later than October 31, or 30 days after the receipt of the Fire State Aid.

B. Petition

If PERA receives a petition to stop the allocation plan, PERA will certify that that petition is valid and meets the requirements to reject the plan. PERA will notify the governing body and the volunteer firefighters the plan was rejected and will take no further action. If the volunteer firefighters file a petition to stop the allocation plan, the governing body may create an alternative allocation plan.

Need more information?

We're here to help and answer your questions. Contact David Andrews, Accounting Director, at 651.201.2648 or David.Andrews@mnpera.org


Statewide Volunteer FireFighter (SVF) Plan State Aid Allocation Proposal

November 2, 2021




Today's Agenda

- Introduction
- SVF Plan Benefits
- SVF Plan Funding Status
- Impact of Changes
- Questions




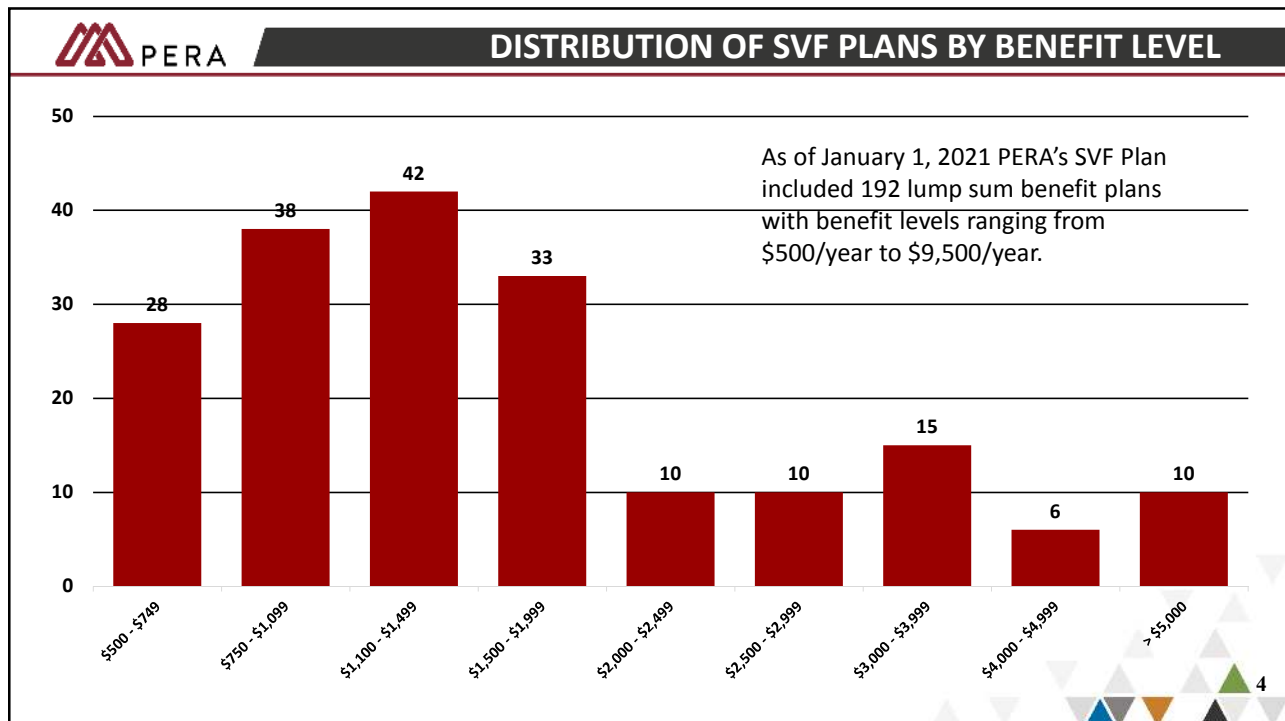
GOVERNANCE

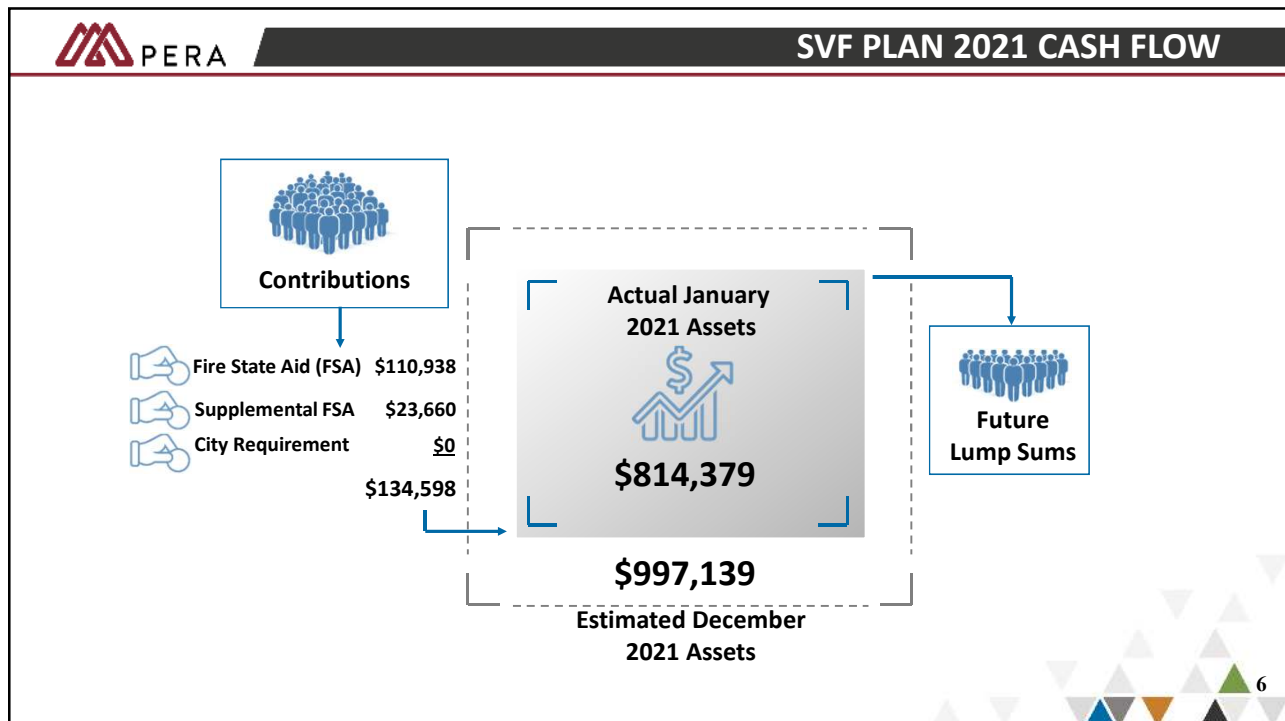
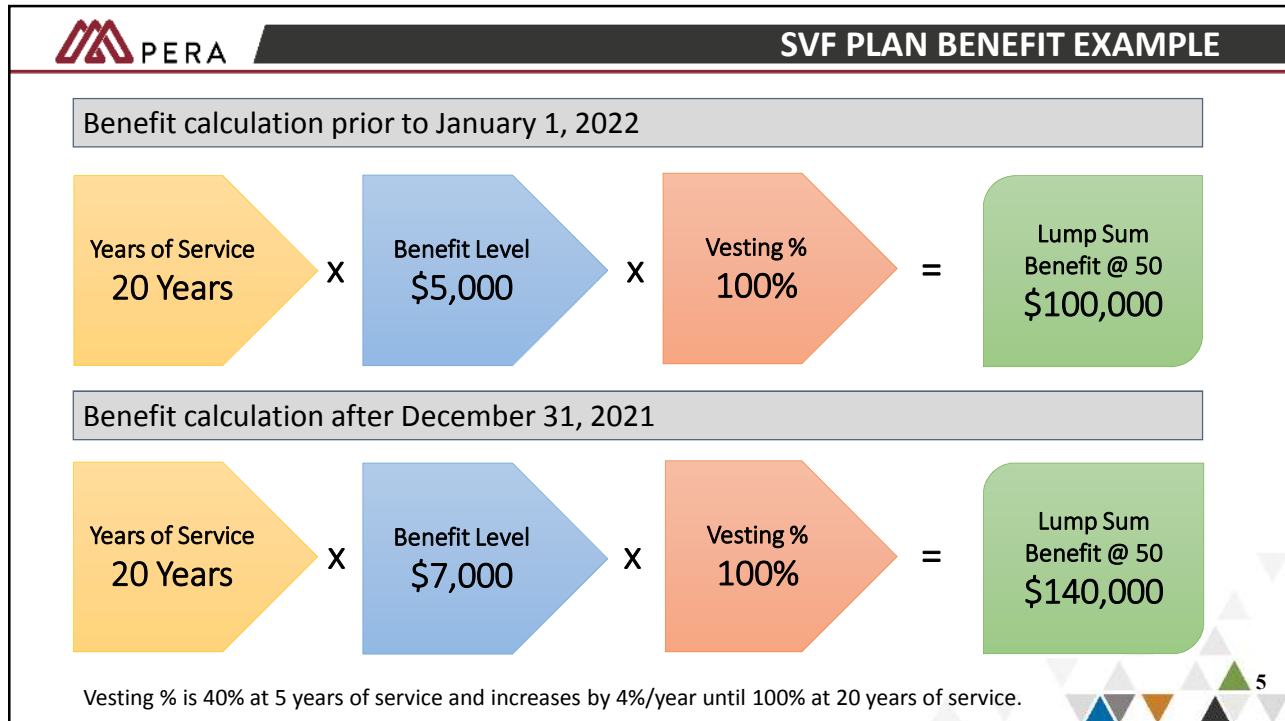


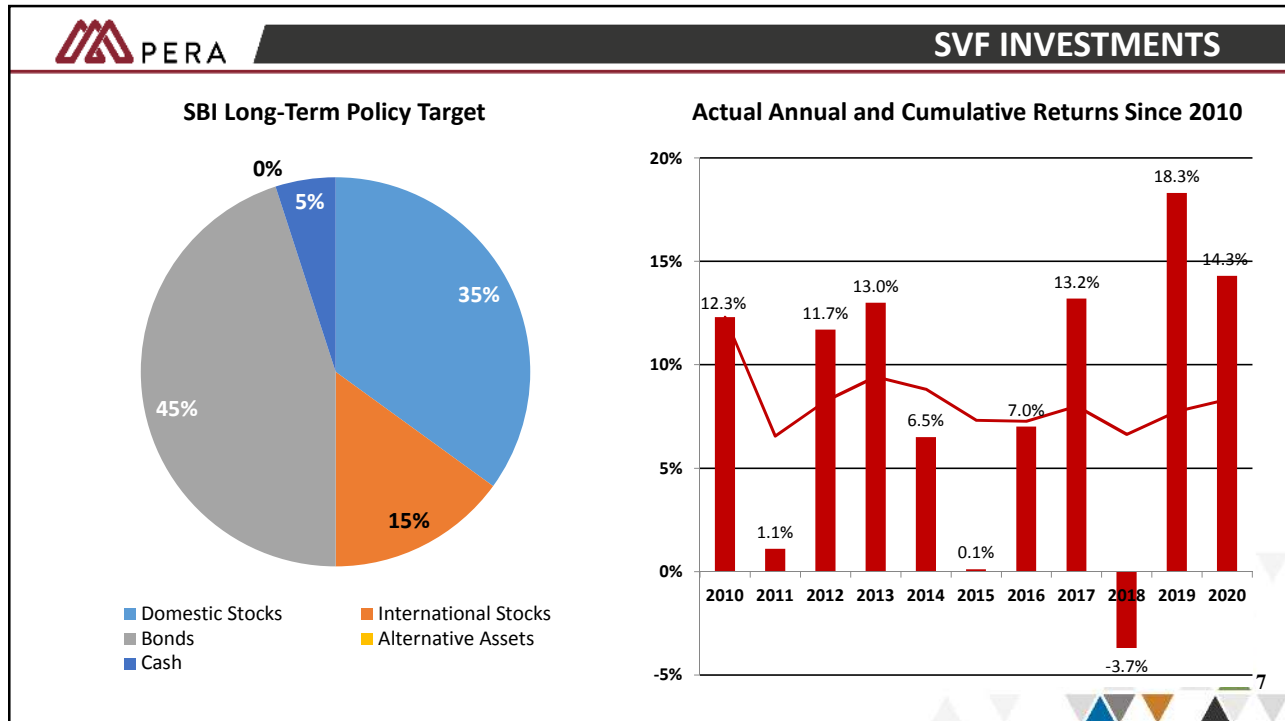
The PERA SVF Plan is governed by Minnesota Statute Chapter 353G


The 2021 Pension Bill allows entities that are considered combination fire departments as of a 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.


3







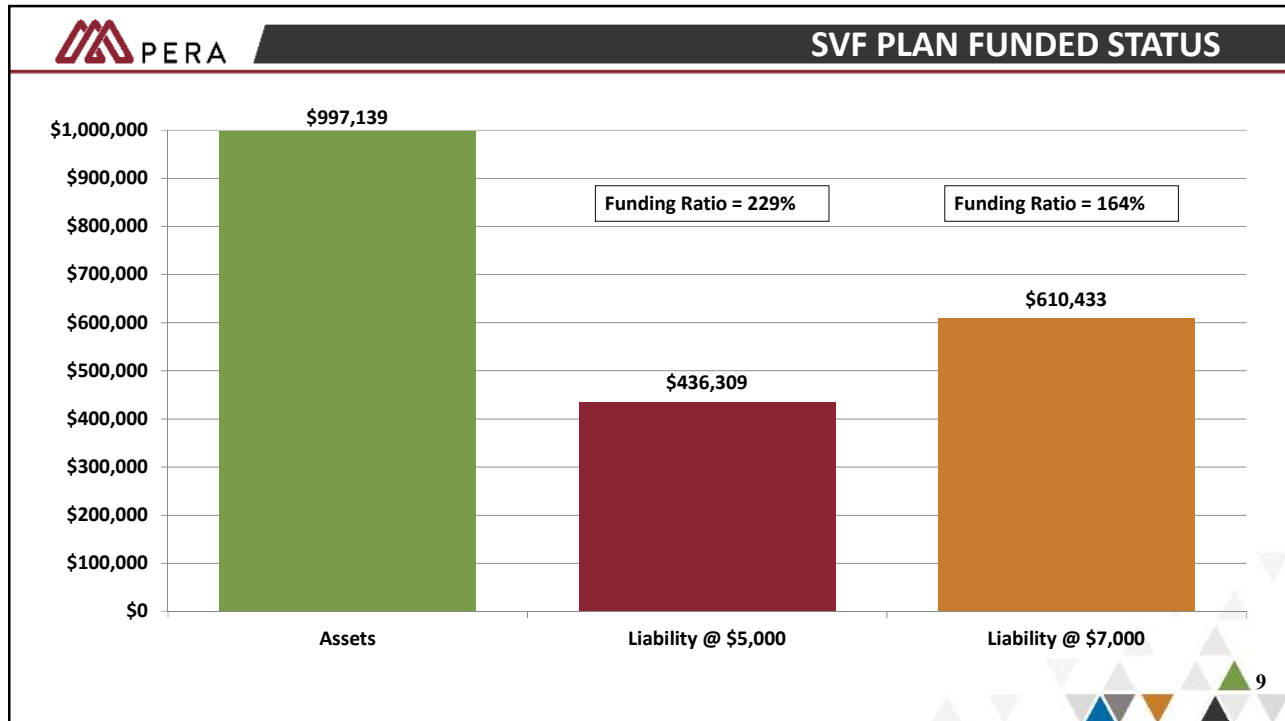


SVF 2021 NET CHANGES

Plan Assets		Plan Liabilities	
Plan assets as of January 1, 2021	\$814,379	Plan Liabilities as of January 1, 2021	\$401,204
Fire State Aid*	110,938	Benefit Change	0
Fire Supplemental Aid	23,660	Service Cost	62,510
City Required Contribution**	0	Interest	24,072
Net investment income (6% assumed)	48,863	Actuarial (Gain) or Loss	(51,477)
PERA administrative expense	(660)	Benefit payments	(0)
State Board of Investment expense	(41)	Net Change in liabilities	\$35,105
Benefit payments	(0)	Plan Liabilities as of December 31, 2021	<u>\$436,309</u>
Net change in assets	\$182,760		
Estimated assets as of December 31, 2021	<u>\$997,139</u>		

* Proposal would reduce FSA by about \$20,000

** No City contribution is required in 2021



ESTIMATED SVF 2022 NET CHANGES

Plan Assets		Plan Liabilities	
Plan assets as of January 1, 2021	\$997,139	Plan Liabilities as of January 1, 2022	\$436,309
Fire State Aid*	90,938	Benefit Change	170,524
Fire Supplemental Aid	23,660	Service Cost	76,835
City Required Contribution**	0	Interest	36,410
Net investment income (6% assumed)	59,828	Actuarial Gain or Loss	0
PERA administrative expense	(660)	Benefit payments	(0)
State Board of Investment expense	(41)	Net Change in liabilities	\$283,524
Benefit payments	(0)	Plan Liabilities as of December 31, 2021	<u>\$720,078</u>
Net change in assets	\$173,725		
Estimated assets as of December 31, 2022	<u>\$1,170,864</u>		

* Proposal would reduce FSA by about \$20,000
 ** No City contribution is required in 2022

