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March 31, 2022

Public Employees Retirement Association of Minnesota
Statewide Volunteer Firefighter Retirement Fund
60 Empire Drive, Suite 200
St. Paul, Minnesota 55103

Dear Trustees of the Statewide Volunteer Firefighter Retirement Fund:

We have previously prepared and presented to you a spreadsheet that is intended to allow the Public Employees Retirement Association (PERA) to calculate information for the purpose of complying with the Governmental Accounting Standards Board (GASB) Statements No. 67 and No. 68 for the Statewide Volunteer Firefighter Retirement Fund (SVF). The spreadsheet calculations have been made on a basis that is consistent with our understanding of these accounting standards.

GASB Statement No. 67 is the accounting standard that applies to the financial reports issued by retirement systems. GASB Statement No. 68 establishes accounting and financial reporting for state and local government employers who provide their employees (including former employees) pension benefits through a trust.

Key Methods and Assumptions

1) A single discount rate of 6% per year (statutory funding rate);
2) Entry age normal funding method, where the cost is determined as an initial dollar amount that increases with assumed inflation (currently 3%) each year, ultimately accumulating to the amount necessary to fully fund the benefits payable at the earliest retirement eligibility (prescribed by GASB);
3) Assumed retirement eligibility (and termination) at the later of age 50 or 20 years of service. Assume immediate retirement if age 50 with 20 years of service;
4) No pre-retirement death, disability, or termination assumed;
5) Proration schedule is 40% with five years + 4% for each additional year at retirement, not to exceed 100%; and
6) All benefits are assumed to be paid as lump sums.

Based on the assumption that future contributions will be made at rates equal to the statutory requirements, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6% per year was applied to all periods of projected benefit payments to determine the total pension liability.

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The spreadsheet was prepared for the purpose of providing reporting and disclosure information that satisfies the requirements of GASB Statements No. 67 and No. 68. The calculation of the plan's liability may not be applicable for funding purposes of the plan. A calculation of the plan's liability for purposes other than satisfying the requirements of GASB Statement No. 67 may produce significantly different results.

This spreadsheet is subject to correction. If you are or become aware of errors, it is your responsibility to contact us. We reserve the right to review any spreadsheets you create that are based on our recommended methods. It is PERA's responsibility to calculate total pension liability, net pension liability calculated using single discount rates that are 1% higher and 1% lower than the current assumption, and service costs for each participating plan, based upon that plan's benefit provisions and demographic data. GRS is not responsible for calculations produced by PERA.

To the best of our knowledge, the information contained in the spreadsheet is accurate and all calculations have been made in conformity with generally accepted actuarial principles and practices as well as with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Bonita J. Wurst is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries.

Respectfully submitted,
Gabriel, Roeder, Smith & Company

Bonita J. Wurst

Bonita J. Wurst, ASA, EA, FCA, MAAA

BJW:dj