Statewide Volunteer Fire Fighter Plan

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March 12, 2024

Questions?

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PERA and the SVF

The Public Employees Retirement Association (PERA) administers multiple retirement/pension plans.

- PERA has over 440,000 employee members.
- Members include those who serve or have served in:
  - Parks
  - Cities
  - Counties
  - Schools

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SVF Creation and Enrollment

The Statewide Volunteer Firefighter (SVF) Pension Plan:

- Created by MN Legislature in 2010.
- Administered by PERA for Minnesota's volunteer firefighters.
- Joining the SVF Plan is voluntary.

The local relief association no longer administers the pension plan for its volunteer firefighters when a fire department enrolls in the SVF Plan.

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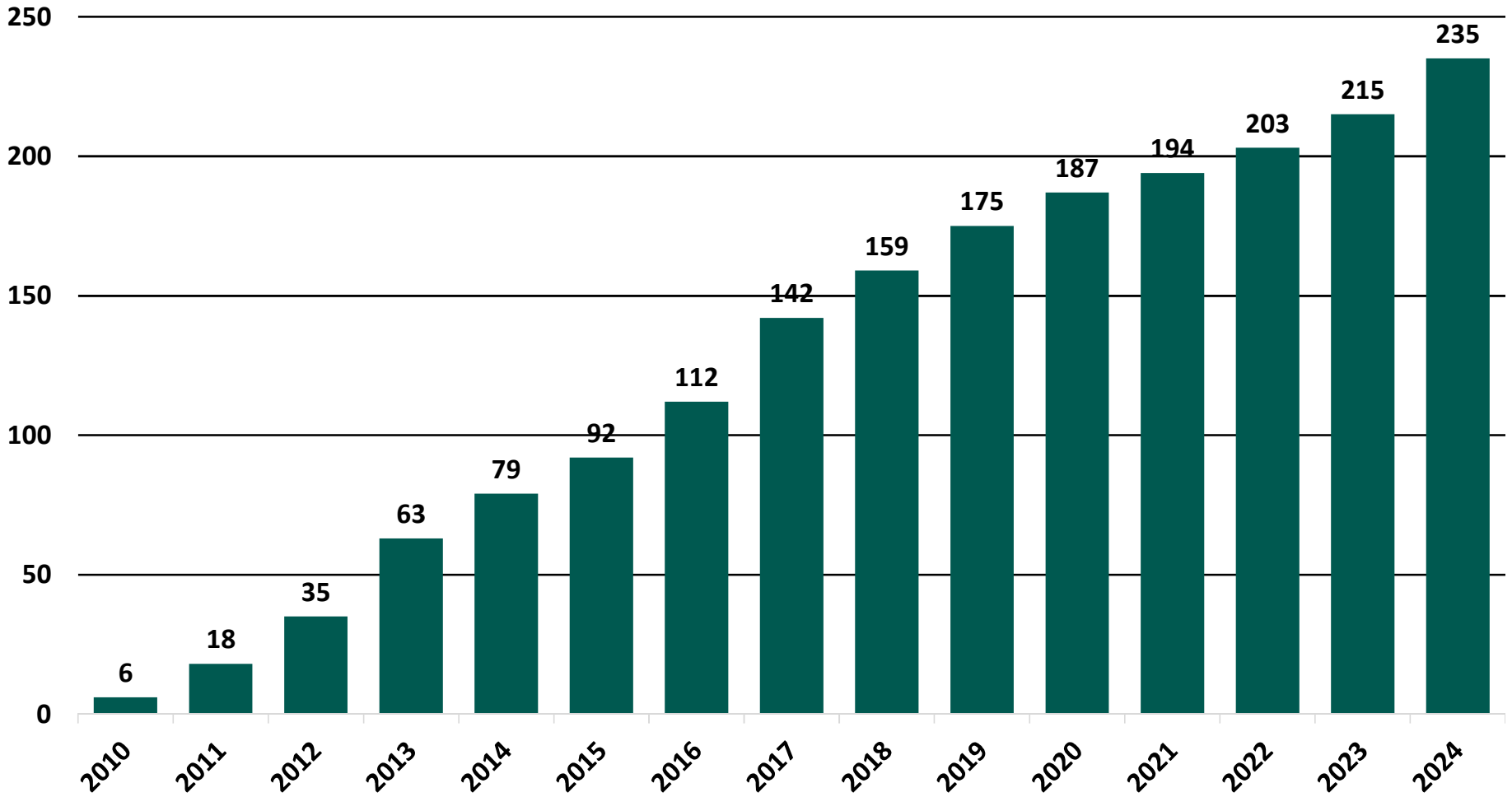
SVF Advisory Board Composition

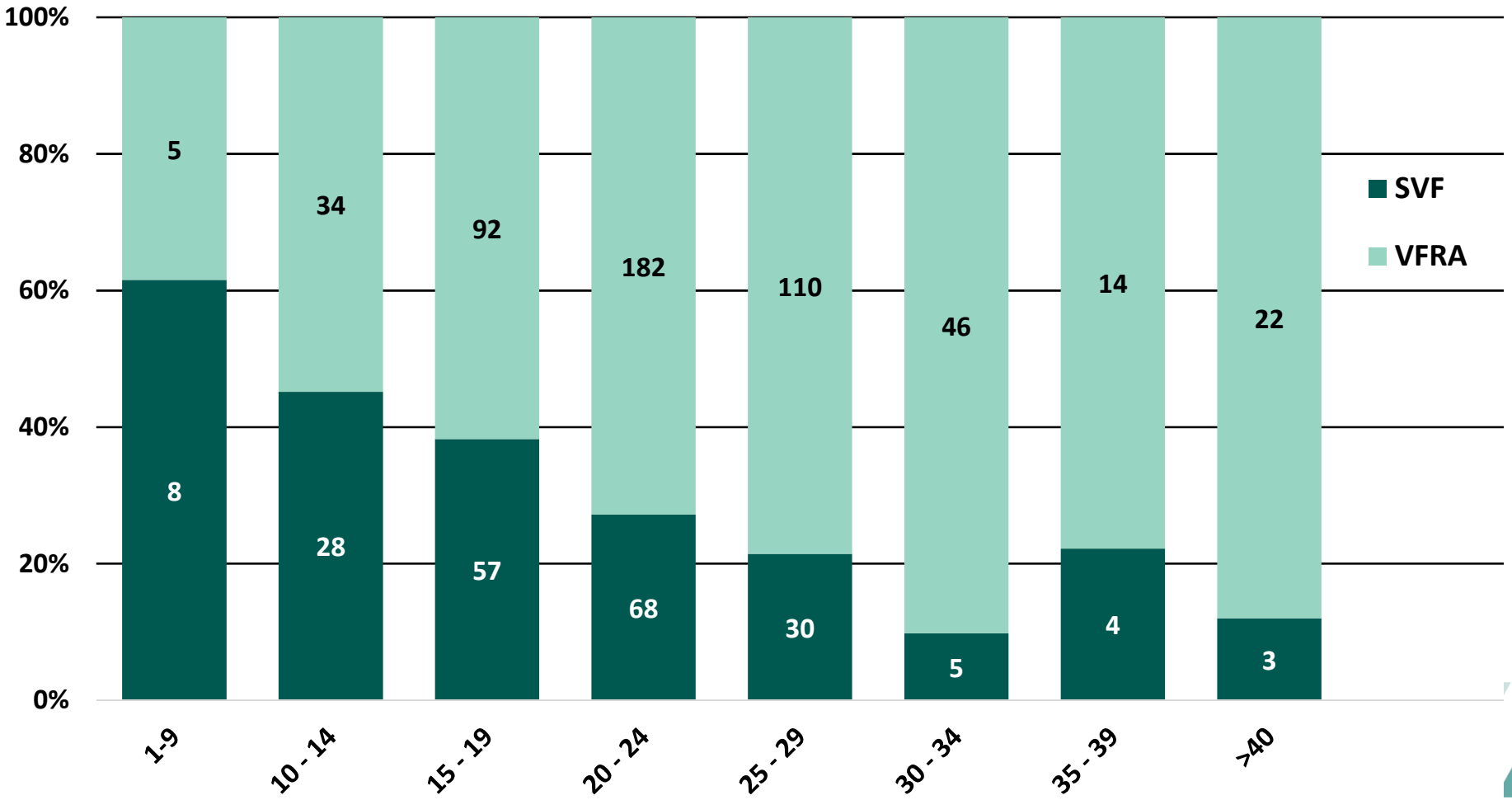
Number	Representing	Requirements	Appointing Authority	Current Members (term end)
1	Townships	Either lump-sum or monthly benefit	Minnesota Association of Townships	Steve Fenske (12/31/23)
2	Cities	Either lump-sum or monthly benefit	League of Minnesota Cities	Anne Finn (12/31/23) Calvin Larson (12/31/21)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

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

Number of SVF Plans as of January 1



Percentage of Plans in SVF by Active Headcount



Smaller departments have joined PERA SVF at a higher rate than larger departments.

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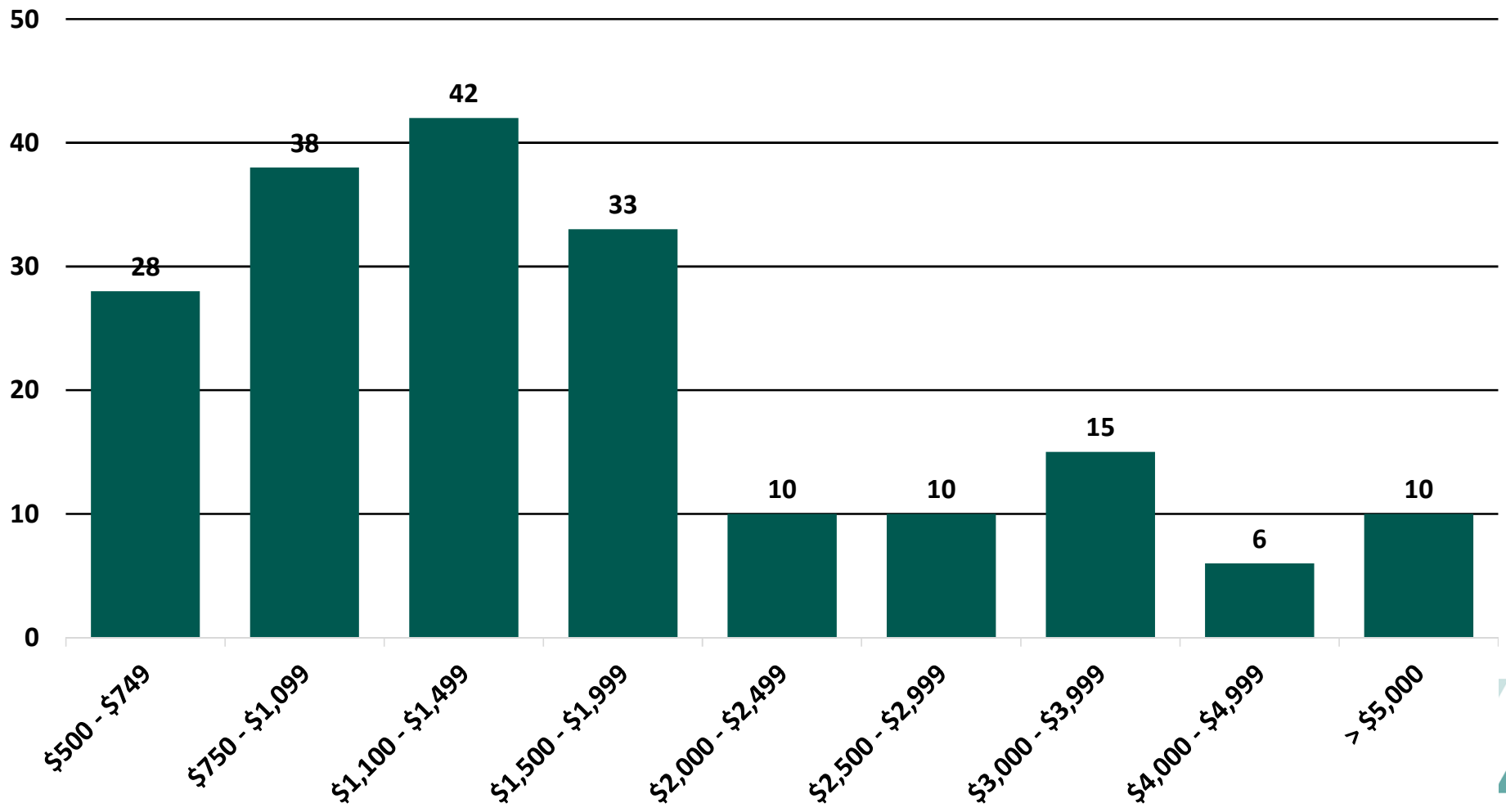
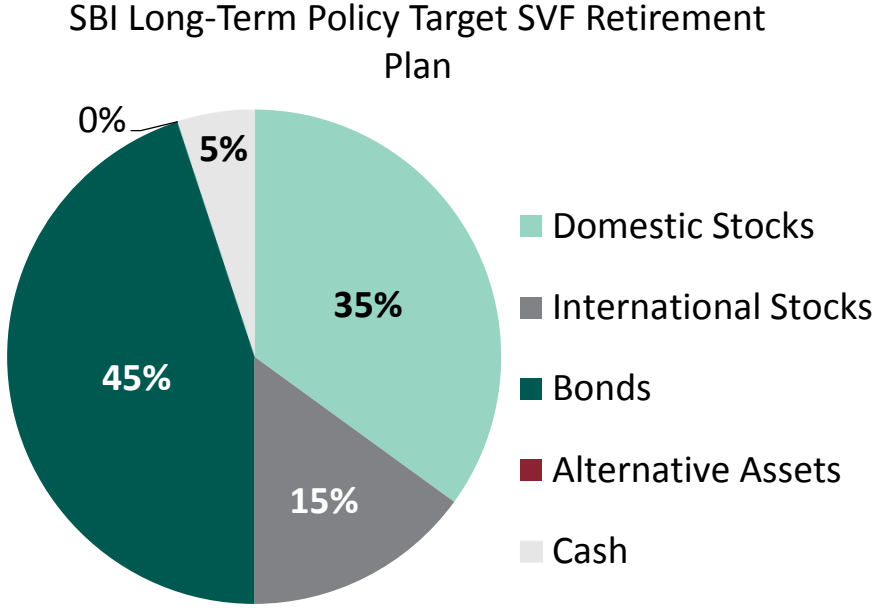
Distribution of Plans by Benefit Level



* Lump Sum Plans Only

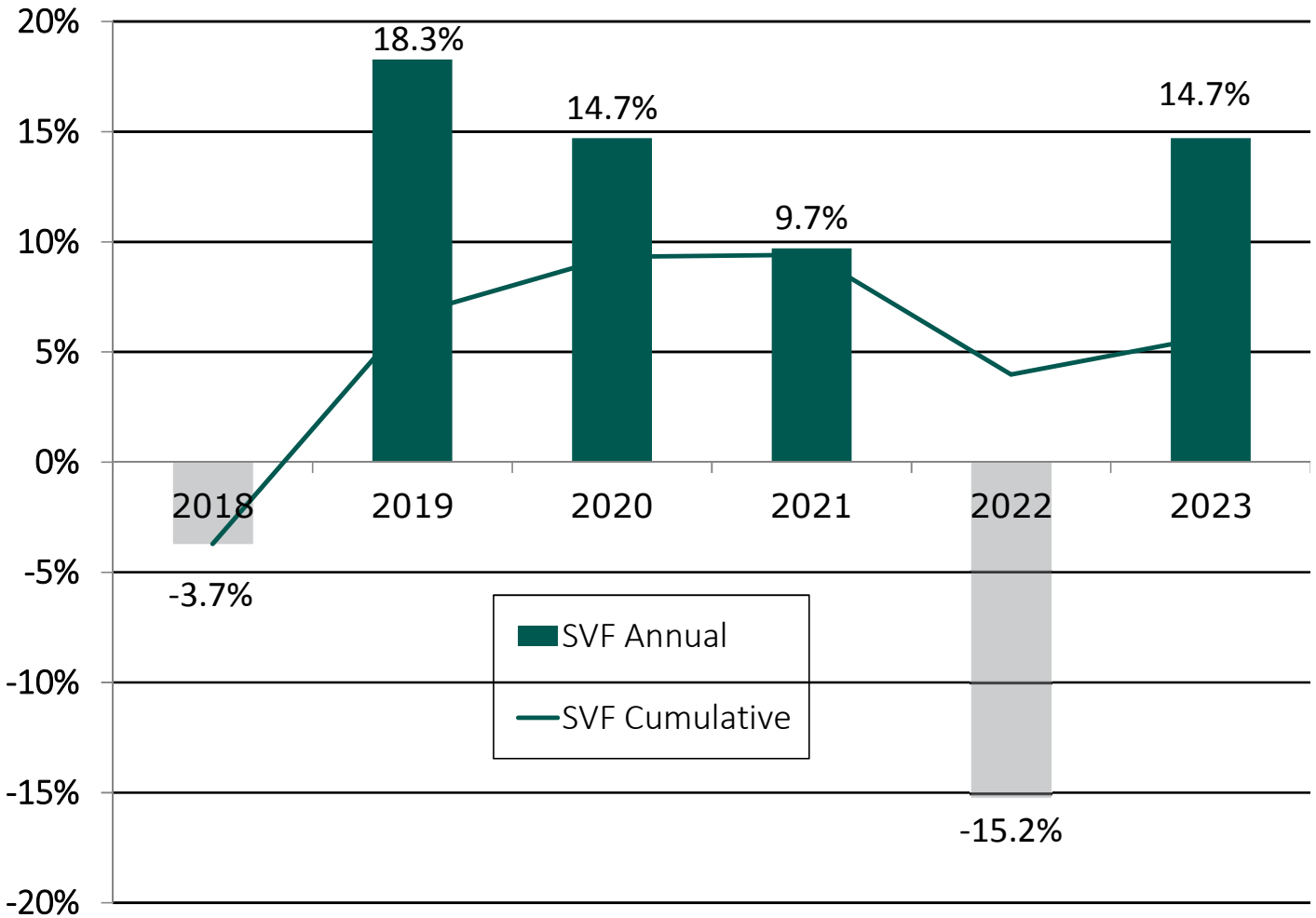
SVF Investment Allocation & Assumption Process

The State Board of Investment (SBI) invests the pension assets for each fire department in the SVF Plan. The SBI allocates SVF Plan pension assets among the following investment categories at the percentages indicated:



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

SVF Investment Returns Since 2018



Actual Annual and Cumulative Returns Since 2018 (Calendar Years)

The SBI can provide the Fire Chief and a representative from the governing body with online access to their SVF Plan investment account and associated statements.

Funding

SVF Plan benefits are funded by the volunteer fire department's pension assets.

The assets of each fire department are maintained separately in the SVF Plan, meaning a fire department's assets exclusively fund its firefighters' benefits.

Your fire department's pension assets grow with the addition of:

- Annual fire state aid
- Investment earnings
- Contributions from the fire department's governing body

Fire State Aid

Does the fire department qualify for fire state aid?

- Fire department's governing body must apply annually
- Determined and distributed by the Minnesota Department of Revenue.

For Fire Departments in the SVF Plan receiving aid:

Contributions

Voluntary Contributions can be made at any time throughout the year and can only be made by the city or township.

Required Contributions:

- PERA calculates funding level of the fire department's SVF Plan account annually (August 1 deadline).
- The calculation determines if the governing body owes a required contribution.

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Annual SVF Fees

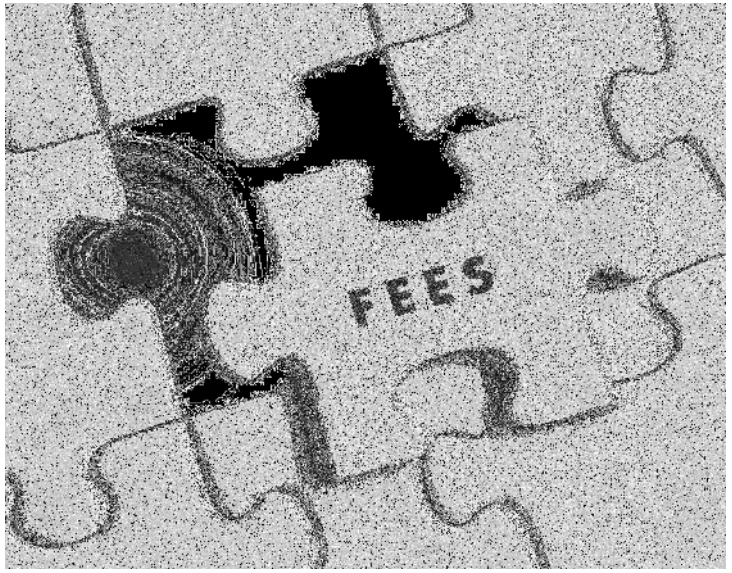
PERA Administrative Fees:

$60 per firefighter per year effective in 2025 (includes active and deferred firefighters) fee is subject to change.

State Board of Investment Fees:

$0.06 per $1,000 invested

Fees are paid from plan assets



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SVF Plan Benefit Levels

The SVF Plan benefit levels may vary.

- Benefit levels range from $500 to $15,000 per year of service.
- The governing body sets the benefit level and has the authority to approve future increases.
- There is no waiting period to implement a benefit increase.
- Increase may occur in $100 installments.

Increasing Benefit Levels in SVF

How and when are benefit levels increased in SVF?

The governing body may approve an increase once per year.

Approved increases are effective January 1 following approval.

PERA can provide a benefit level cost analysis to assist.

iStock Credit: guoya

Members Deferring Before Joining SVF

What happens if a member leaves before the fire department joins the SVF Plan?

PERA will calculate the firefighter's benefit applicable at the time the firefighter deferred according to:

- Relief association's vesting requirements;
- Benefit level;
- Interest earnings; and,
- Retirement age.

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Members Deferring After Joining SVF

Here is how the benefit is calculated for members leaving after joining SVF:

Benefit Level $ (*effective on date of deferral)* x Whole Years of Service x Vested %
= $ Benefit

No interest is earned on benefits deferred under the SVF Plan.

Changes to the Relief Association After Joining SVF

The following are changes to the Relief Association (RA) after joining SVF:

- RA ceases to be the pension plan administrator for the volunteer firefighters.
- The special fund* is disestablished.
- RA transfers the special fund assets to the State Board of Investment.

*Fund where the RA maintains the fire department's pension assets

Changes to the Relief Association After Joining SVF

Additional changes to the RA after joining SVF are as follows:

- The RA may choose to continue or dissolve after joining the SVF Plan.
- If a RA continues, the RA determines the rules and regulations that apply to it.
- PERA does not set, monitor, or provide advice on the rules or regulations applicable to RAs that choose to continue.

iStock Credit: skynesher

PERA Responsibilities

PERA is responsible for the following:

- Collecting information and maintaining records for Firefighters
- Depositing fire state aid and contributions
- Processing benefit applications and paying out benefits
- Paying out and applying for reimbursement of supplemental benefits
- Providing annual pension reports, benefit level cost analyses, and other SVF Plan news/information to fire chief and governing body

PERA Responsibilities

PERA will also provide the following to the fire chief and governing body:

- Annual pension reports
- Benefit level cost analyses
- SVF Plan news/information

iStock Credit: lemono

State Board of Investment (SBI) Responsibilities

The State Board of Investment is responsible for the following:

- Investing the pension assets for the SVF Plan
- Providing online access to the fire department's investment account and associated statements

iStock Credit: ipopba

Fire Chief Responsibilities

The fire chief's is responsible for the following:

- Annually certifying service credit
- Reviewing communications/reports from PERA
- Completing a section on benefit application forms
- Updating fire chief's contact information with PERA as needed

iStock Credit:rpellicer

Governing Body Responsibilities

The governing body is responsible for the following:

- Annually applying for fire state aid
- Reviewing communications/reports PERA sends about the SVF Plan
- Monitoring/reviewing/approving increases to benefit level
- Paying required contributions (if any) per invoices issued by PERA
- Updating governing body contact information with PERA as needed

Advisory Board Recommended Incentive Plan Outline

Step	Methodology

Step 1	• The initial incentive amount is:
	  • $10,000 per plan, plus
	  • $1,000 per active member
	• The initial incentive amount applies to 2023, 2024, and 2025 entrants or until $5M is exhausted
	• Order of eligibility is based on proper submission of participation documents
	• Amount is paid to the plan (not the individual member)

Step 2	• If money remains in the incentive plan pool after allocation to 2023, 2024, and 2025 entrants. PERA will increase the incentive amount to each 2026 entrant to:
	  • $10,000 per plan, plus
	  • $1,000 per active member, plus
	  • $X per active member (amount to be determined by PERA)
	• 2023, 2024 and 2025 entrants will also receive the additional $X per active member.
	• PERA has discretion to set the amount in a way to maximize the addition of new plans.

Step 3	• If money remains in the incentive plan pool after allocation to 2026 entrants, Step 2 is repeated

Timeline to Join SVF on January 1, 2025

Listed below is the timeline to join SVF on January 1, 2025;

- April 1st – Fire departments may submit a cost analysis request and a copy of bylaws. Statutes require a cost analysis. Helps establish benefit level.

- July 15th – Deadline to request a cost analysis.

- November 15th – Deadline to provide resolutions to join. Resolutions needed from governing body and firefighters.

Receipt of resolutions preserve a place in line for the incentive plan.

What about DC plans?

Defined contribution plans may join SVF

- 2025 – DC plans may join PERA
  - Annual allocations only
  - No individual investment discretion
  - Same SBI Fund as DB plans

- 2026 – Lump Sum DB plans may convert to a DC plan
  - Excess assets are allocated
  - Governing Body contribution volatility is eliminated

Additional Information

Visit the SVF pages on the PERA website.

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Questions?

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