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Retired Beneficiary
Appointed by the Governor

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From the Desk of the Executive Director

Season's Greetings from all of us to all of you! Fall is upon us, finally, and the air is a bit crisp and fresh with the coming of winter. From all indications (that is an abundance of acorns and wooly caterpillars) it appears we will be in for a cold one this year too. Perhaps not too cold, but one should be prepared in the event the temperatures do drop to levels not seen in recent years. Preparation for cold weather, preparation for retirement, thinking ahead, you just cannot do too much of that these days. You would not go without car or homeowner's insurance; likewise, you should insure your lifetime income through retirement planning. Inside, we talk a little bit about retirement planning and the income versus debt service aspects of retirement. In the future, we plan to start offering more insights into Social Security planning and savings distribution as we find interesting information to pass on.

We have completed our survey of the Rules and Regulations with this issue, providing a brief synopsis of each rule to help our members understand how the pension fund works and how we can best support our members' needs. This has raised questions, and has resulted in some changes to the Rules and Regulations. Some of the changes are yet to be issued,

but the suggestions have been warranted and helpful. We have appreciated the feedback and continue to be open to your questions and comments.

One area where we have not changed the rules, but have clarified our stance, is the area of joint membership in POAB and GFPF.

Inside, our Board Counsel, David Will, has an article clarifying the Code regarding membership in the two funds. It is complicated, but if you have any questions after reading the article, contact us and we will try to elaborate on the subject more thoroughly.

Other thoughts in this month's newsletter relate to a successful conference with the GAPPT that our staff was instrumental in getting started. Trustee education is of utmost importance when it comes to how your pension assets are being managed. This is a good, cost effective way of achieving that goal. We will also seek a dues increase again this year. We expect to couple that request with a suggestion for an "active leave of absence" for those who feel a need to suspend dues payment for a short while. And, we have included a discussion of our latest manager, State Street Global Advisors, SSgA, who are now managing several passive, or indexed, accounts for us during these turbulent capital markets.

...Continued on Page 4...

Board of Trustees Vote to Forego January 1, 2013 COLA

Based on the Actuary's recommendation, the Board of Trustees has voted to forego the January 1, 2013 COLA.

*Meet
Our
Managers...*

**State Street
Global Advisors
(SSgA)...**

Continuing with our tradition of introducing our membership to the Fund's individual investment management firms, in this issue we are highlighting our Index Fund Manager.

State Street Global Advisors (SSgA) is the asset management business of State Street Corporation, one of the world's leading providers of financial services to institutional investors, with a heritage dating back over two centuries. Backed by the strength and stability of the State Street organization, SSgA relies on the skill and of more than 450 investment professionals and over 2,400 employees located around the world. As of June 30, 2012, SSgA had more than \$1.9 Trillion of assets under management.

Although SSgA's headquarters is located in Boston, MA, they also maintain a Georgia office in Atlanta. Chris McNeillie is the local representative who deals directly with the staff of the Pension Fund.

The Fund invests with SSgA through the use of their Index Fund products. Currently, the Fund has money invested in strategies that mimic the Russell 1000 Growth Index, the S&P Midcap 400 Index, as well as the MSCI All-Country World Index (ex US). These index Funds offer a means for the Pension Fund to garner market-like returns with low asset management fees.

The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. You will recognize the names of many of the companies in this index. As of September 30, 2012, the top-10 holdings in the Index were Apple Inc., IBM, Microsoft, Google, Coca Cola Co., Philip Morris International, Verizon Communications, Oracle Corp., Pepsico Inc., and Qualcomm Inc.

The S&P MidCap 400 provides investors with a benchmark for mid-sized companies. The index covers over 7% of the U.S. Equity market, and seeks

to remain an accurate measure of mid-sized companies, reflecting the risk and return characteristics of the broader mid-cap universe on an on-going basis. The companies in this index generally have a market cap of between \$2 Billion and \$10 Billion. The companies in this index are not as well-known as their large cap growth counterparts, but there's a good chance you use some of their products/services in everyday life. As of September 30, 2012, the top-ten holdings in the Index were Vertex Pharmaceuticals Inc, Regeneron Pharmaceuticals Inc, Equinix Inc, Kansas City Southern Inc., AMETEK Inc., HollyFrontier Corporation, Macerich Co, PETSMART Inc, Church & Dwight Co, SL Green Realty Corp.

The MSCI All-Country World Index (ACWI) is a market-capitalization-weighted index maintained by Morgan Stanley Capital International (MSCI) and designed to provide a broad measure of stock performance throughout the world (including developed and emerging markets), that excludes U.S.-based companies. The developed market countries included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market countries included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey. As of September 30, 2012, the top-ten holdings in the index were Nestle SA, BHP Billiton Ltd., GlaxoSmithKline PLC, Royal Dutch Shell, HSBC Holdings, Samsung Electronics, Vodafone Group PLC, Novartis AG, Roche Holdings AG, and BP PLC.



Morgan Wurst

RULES & REGULATIONS

This is the conclusion of the current Rules and Regulations that were effective September 9, 2009. We are in the process of updating the Rules and Regulations. When they become effective we will notify you of the changes.

Rule 513-7-1-16 Examination of Records Relating to Tax on Insurance Premiums. Amended.

Every and any insurance company, corporation or association who collects and receives premiums for fire, lightning and extended coverage, inland marine and applied lines, and wind storm insurance policies covering property within the State of Georgia are required to file an annual tax return to the Pension Fund. This Rule provides the authority to the Executive Director (or delegate) of the Fund to examine such records. The company must make these records available for inspection.

Rule 513-7-1-17 Determination of Unprotected Property Under O.C.G.A. Section 47-7-61. Amended.

This rule augments the previous Rule regarding the examination of the tax returns submitted to the Fund. After auditing the records, if there is a discrepancy in the tax due, the Executive Director will recommend to the Board of Trustees a resolution by which to determine whether the property that is covered by an insurance policy is indeed protected or unprotected. The Board of Trustees will make the final determination at a duly called and scheduled meeting of the Board of Trustees.

(Executive Director's Note: Upon moving to the Conyers facility in 2006, we gained adequate space to add appropriate staff, which included a full-time accountant. Under the authority cited in the above paragraphs, we began auditing insurance receipts and to date have collected nearly \$5 million in back taxes, interest and penalties. More recently, there have been very few errors or omissions in premium tax receipts from our insurance companies.)

Rule 513-7-1-18 Reserved

This number is reserved for any additional rule.

Rule 513-7-1-19 Increases in Monthly Retirement and Disability Benefits.

This Rule relates to the Board's authority to grant periodic Cost of Living Allowance (COLA) increases in accordance with O.C.G.A. 47-7-27.

The Board of Trustees has authority to adopt an increase in the maximum monthly retirement benefit based on the recommendation of their actuary, the soundness of the Fund and other factors the board considers relevant. Members who have retired with Regular Retirement, Joint and Survivor, Ten Year Certain and Life, or Disability will receive the percentage increase authorized by the Board.

Rule 513-7-1-20 Conversions Under Section 47-7-100(d)(3) on Death or Divorce or Remarriage.

Any retiree receiving benefits under the Joint and Survivor option, Option A, may convert their benefits to Regular Retirement in the event of death or divorce of their spouse, commonly referred to as the "pop-up" provision. Then upon remarriage, a member may elect a new Option A for the new spouse.

(Note: There is no longer a one year waiting period to enroll a new spouse. An update to the Rules will be forthcoming soon.) You should notify the Pension Office to obtain the necessary forms and additional information.

“After any
business meeting,
it is better
to leave
folks wondering
why you
did not speak,
rather than
why you did.”

--*Anonymous*



GFPF – POAB – BOTH ?

It is no
coincidence
that man's
best friend
cannot speak.

The question was asked: "Can a police officer also be a firefighter?" The answer is "yes," although the annual police versus fire softball game will present a challenge as to which team he will choose. That really isn't the end of the discussion. The real question was "Can a police officer who is a member of the Peace Officers' Annuity and Benefit Fund ("POAB") also be a member of the Georgia Firefighters' Pension Fund?" Once again, the answer is "yes," but with a caveat, with the answer being found at O.C.G.A. § 47-7-40(b): "After April 1, 1989, no person who is a member of the Peace Officers' Annuity and Benefit Fund shall be eligible for membership in the Fund by virtue of any employment in or appointment to a position the duties of which qualify such person for membership in the Peace Officers' Annuity and Benefit Fund" and O.C.G.A. § 47-7-83: "No credit shall be given for service rendered after April 1, 1989, by a member who is also a member of the Peace Officers' Annuity and Benefit Fund if such service is creditable under the Peace Officers' Annuity and Benefit Fund"

So what does this mean? In short,

no "double dipping." A person can be in POAB, if he or she performs duties that qualify for membership with POAB, but cannot use the same position or same duties to earn creditable service with the Firefighters' Pension Fund. Some examples:

A Police Chief is asked by his City to serve as both Police Chief and Fire Chief. He is a member of POAB, but cannot be a member of the Firefighters' Pension Fund based on that position because one position cannot be used to earn creditable service in both funds.

A State Trooper is a member of POAB. He is also a volunteer firefighter with his local volunteer fire department. He can be a member of both and earn creditable service in both, so long as he meets the training and attendance requirements as a volunteer, because his service as a volunteer firefighter is completely separate from his position as a State Trooper.

In the role of volunteer firefighter, the peace officer is treated the same as volunteer in any other profession or occupation.



David C. Will, Esq.

...Continued from Page 1...From the Desk of the Executive Director...

Through September, on a calendar year basis, our portfolio is doing well. October was likely a little rough, and with the outcome of the election, it may take a little bit of a beating along with the rest of the market as the Congress decides how to deal with the "fiscal cliff." We believe they will compromise, as they always do, at the final hour and come to some agreement that allows the markets to function without throwing the country into a major recession, or, heaven forbid, depression. To that end, our portfolio is positioned for a stable market. But, we are watching closely and seeking advice at every turn.

In the meantime, we are all looking forward to a joyous holiday season. We wish the best for you and yours this Thanksgiving Day. Have a very Merry Christmas and Safe and Happy New Year!



Jim Meynard

GAPPT's Third Annual Educational Conference

The Georgia Association of Public Pension Trustees, GAPPT, held its Third Annual Education Conference for Trustees and Administrators of Georgia public pension funds in Macon, September 18-20, 2012. The conference covered a wide range of pension related topics from investing in income producing assets to alternative assets, understanding actuarial terminology and issues, basic economics and asset management and pension fund structures and governance. We also had celebrated speakers from national organizations addressing issues on a broad scale that will affect local pension systems in months and years to come.

Now, why is this important to you? It is important if you participate in a local county or municipal retirement plan. That plan has trustees and administrators that manage the

fund, its assets and plan provisions.

How well trained are those trustees to accept their fiduciary responsibility? Many of these plans have a fire officer on the board of trustees. Is that individual well-versed in the tenets of pension fund management? And if you are that fire officer that holds that trustee position, how comfortable are you in your knowledge base relative to that position? This association, and the conference it sponsors, is one of the most cost effective sources of pension-related training and information available to trustees and administrators. It is also a pretty good platform for networking and problem solving among your peers. See www.gappt.org.



Jim Meynard

DUES INCREASE

This upcoming legislative session we will again seek an increase in our monthly dues, from \$15 to \$25. It is the first increase in dues in nearly 25 years. This adjustment is a prudent and necessary step to preserve the financial health of our Fund for all of our members. This increase was unanimously approved by both our former and current Trustees. We have also spoken to both the Firefighters' Association and the Chiefs' Association and understand that neither opposes the request. We recognize that any increase, even a modest one, might present a hardship in these difficult economic times for those members who pay their dues personally, so we will also ask the General Assembly for provisions to grant a leave of absence for up to 2 years for those members who request one, without the necessity of having to quit working or volunteering as a firefighter during the leave of absence, as is required in the current law. We thank you for and appreciate your support.



Jim Meynard

Sign in a Bar:

“Don’t take life
too seriously;
you’ll never get
out of it alive.”

Sign in a Nursery:

“The greatest thing
a man can do
for his children
is love their mother.”

Retirement Planning – An Elusive Chore!

I was recently struck by an article in CNN Money noting that more Americans are delaying retirement into their 80's. Nearly one-third, or 30%, are planning to work until they are 80 years old or older, and this is up from 25% just a year ago. And, nearly 70% of workers are planning to work during their so-called retirement years. The gist of the article was, of course, that in general people are not saving enough for retirement during their regular working lives and thus are compelled to work longer.

In recent years, retirement planning has received much more attention and publicity than it ever has before, as public and private pension funds have become more tenuous and vulnerable, and Social Security faces challenges over the long term. People, in particular firefighters, are living longer and healthier lives, 55 is now the new 35. Someone "retiring" from the fire service at 55 years of age likely will enjoy another 25 to 30 years of productive life. So in these terms, "retirement" means simply a new career or at least a change of venue. So it is important to be thinking about what one will do when it is time to hang up the turn out gear and leave the smoke eating to the younger folks.

A big part of that thinking has to be the financial aspect. How are you going to pay for what you want to do when you want to do it? As you gauge your retirement plans, you should be

thinking about the various income streams that will be available to you from your employer's pension, Social Security, this pension plan, your IRA or 401k plan, and any subsequent pension plan that you may earn after retiring from the fire service. Couple that combined income stream with what might be any debt service you may have such as a home mortgage, car or truck note, boat or other toys, and see where you will stand. Then, you will need a cushion for medical bills. While we may have Medicare and Medicaid, and other government programs to support our geriatric needs, not everything will be covered. There will always remain a need for out-of-pocket health care in our later years.

A recent survey indicates a huge disparity in what people need for retirement and what they are saving. While the average middle income couple will need a median of \$300,000 in savings for retirement, the average saved is reported to be more like \$25,000. Survey respondents report that home remodeling and vacation planning take precedence over retirement saving the majority of the time.

It is never too late nor too early to start planning, to set goals and benchmarks to measure progress. But, you have to do it. Time flies when you are having fun.

 *Jim Meynard*

CONTINUED

COST SAVINGS!!!

The
GFPF NEWS
and
Annual Report
are
Created,
Edited,
Published
and
Printed
In-house.

Organization Change at the GFPF

We regret to announce that our receptionist for the past six years, Paula Manning, has elected to retire and enjoy the leisure of her golden years while recovering from a recent accident. We wish her well and a speedy recovery. We will miss her bright smile and warm voice on our telephone.

Georgia Firefighters' Pension Fund

Vital Statistics as of September 30, 2012

(FINANCIALS ARE PRELIMINARY)

Assets \$591,594,766
Active Members 12,939
Retirees 4,220

FUND PERFORMANCE

Current Month 1.8%
Calendar Year 2012 (January 1–September 30, 2012) 12.1%
Fiscal Year to Date (July 1, 2011–September 30, 2012) 5.3%

RETIREMENT BENEFITS

Full Retirement (25 years service/age 55) \$882 per month
Early Retirement (15 years service/age 50) \$370 per month
Average Benefit Payment \$702 per month

EXPECTED AVERAGE BENEFIT
PAYOUT OVER 25 YEARS
\$210,600

Words of Wisdom from an old Farmer:

- Always drink upstream from the herd.
- Good judgment comes from experience, and a lot of that comes from bad judgment.
- Letting the cat out of the bag is a whole lot easier than putting it back in.
- Don't pick a fight with an old man. If he's too old to fight, he'll just kill you.
- Live simply. Love generously. Care deeply. Speak kindly - leave the rest to God.

GFPF NEWS

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