

## From the Desk of the Executive Director

Greetings to all members, retirees and their beneficiaries of the Georgia Firefighters' Pension Fund,

It has been a while since we sent out a newsletter to our membership updating them on what's been going on at the Fund. As a result, we are presenting to you, the Summer 2017 GFPF newsletter.

The investment portfolio has seen some ups and downs over the Fiscal year (ending 6/30). Last summer, we were witness to the UK officially breaking up with the European Union with their "Brexit" vote. While most felt that the election would be close, few thought the "Leave" vote would get a majority. As a result, when it happened, the markets were a little shocked and took a bit of a dive. They proved resilient, however, and made up most of their losses in a fairly short period of time.

The other major news event affecting the portfolio was the November presidential election. Donald Trump narrowly edging Hillary Clinton in the ballots was, again, a bit of a surprise. After an initial market dip, Wall Street digested this news and gave a signal that this presidential change could be a catalyst for much-needed tax, healthcare and entitlement reform, which has resulted in very nice stock market gains across almost the entire broad market. While it appears that Washington D.C. does not seem to be in a hurry to pass almost any type of legislation, the Market remains near all-time highs in hopes that they will.

While we do not have final audited portfolio performance numbers, it looks like we'll end the year with assets of over \$840 Million, with an annual investment performance return of around 11.7% for FY 2017. Our pension Funding status should improve slightly, but we are still not 100% Funded (it will likely be in the 82% neighborhood). In the June meeting, the Board of Trustees voted to grant a 1% cost of living adjustment (COLA) increase to all retirees and their beneficiaries beginning July 1<sup>st</sup>. In the November 2017 Board meeting, they will once again consider granting another COLA.

While these market gains have been beneficial to the Fund, market valuations appear quite lofty, at least by historical standards. By definition, it makes the current equity environment, more risky. And with Fixed Income rates continuing to be very low, this does not appear to be an area without risk, either. We will continue to keep a close eye on earnings growth, interest rate, inflation and unemployment numbers, as all can have an effect on the Stock and Bond markets. We will stay true to our investment policy

During the past Legislative session we were able to get the Georgia State House of Representatives and the Georgia State Senate to pass House Bill 83. On May 1<sup>st</sup>, Governor Deal signed HB 83 into law. HB 83 is investment legislation that allows us to increase our exposure to Alternative investments, increasing the allowable amount from 5% to 10% of the portfolio. It also allows us to invest up to 10% of the portfolio into private real estate. And while we have no immediate plans to begin investing in Real Estate, it is nice to know that if a market opportunity presents itself, we can potentially participate. The Law went into effect on July 1<sup>st</sup> of this year.

We will be increasing our exposure to Alternative Investments, particularly in the private equity area. GFPF was the first Public Pension Plan in the state of Georgia to be allowed to invest in alternatives. We have been doing it now for over 6 years. During that time, the money we've invested has provided an annualized internal rate of return of over 14%. The money is well-diversified, as measured by number of underlying companies as well as by vintage year. We plan on investing this increased allowable amount in a measured approach over time. It will take a while to get it invested, but it should be positive for the Fund in the long-term. For those of you who reached out to your representative and/or senator in support of this Bill, we thank you very much.



# Vital Statistics as of May 31, 2017

(FINANCIALS ARE PRELIMINARY)

## **BOARD OF TRUSTEES**

### **Timothy S. Milligan**

Chairman of the Board  
Commander  
City of Marietta  
Fire Department  
Active Member  
Appointed by the Governor

### **Yvonne Turner**

Deputy Director  
of the OPB  
State of Georgia  
Governor's Designee

### **M. Dwayne Garriss**

Trustee  
State Fire Marshal  
State of Georgia  
Insurance and Safety Fire  
Commissioner's Designee

### **Kerry J. Cook**

Trustee  
Decatur Fire Department  
(Retired)  
Retired Beneficiary  
Appointed by the Governor

### **R. Lee Todd**

Trustee  
Chief Station 1  
Meriwether County  
Fire Department  
Active Member  
Appointed by the Governor

## **BOARD COUNSEL**

### **David C. Will, Esq.**

Special Assistant  
Attorney General  
& Board Counsel  
Founding Partner  
ROYAL—WILL Law Firms

Assets \$838,968,429

Active Members 13,337

Retirees 5,276

## **FUND PERFORMANCE**

Current Month 0.7%

Calendar Year to Date (January 1 – May 31, 2017) 5.6%

Fiscal Year to Date (July 1, 2016 – May 31, 2017) 10.6%

## **RETIREMENT BENEFITS**

Full Retirement (25 years service/age 55) \$895 per month

Early Retirement (15 years service/age 50) \$376 per month

Average Benefit Payment \$713 per month

## **EXPECTED AVERAGE BENEFIT**

### **PAYOUT OVER 25 YEARS**

\$213,900

## **NOTICE TO RETIREES**

### **Monthly Advice of Deposits:**

As you may already be aware, we instructed State Street to stop the mailing of all monthly advices effective with the July 31<sup>st</sup> benefit payments. This is for all retirees that have direct deposit and get the statement in the mail. This was done to help reduce the expense of printing, postage, and mailing of the advices each month. However, if anyone would like to continue to receive the mailings, they may do so by notifying us by mail, fax (678-413-4227), or email ([cindy@gfpf.org](mailto:cindy@gfpf.org)). This will not affect any direct deposits. The 1099-R tax forms will continue to be mailed.

A meeting has been scheduled with State Street Bank to inquire about a program they have that would allow you to access your benefit payment information and possibly allow for you to make changes, (such as tax, address, banking), directly through this program. Further information will be provided to you as this develops.

### **Correct Addresses:**

You must notify the Pension Fund Office of any address changes. If your mail is being returned and we are unable to reach you, your benefit payments will be suspended until written notice of your correct address is received in the office.

### **Update on Monthly Advices:**

June 2017 Advice Postage \$2,305.82      July 2017 Advice Postage \$134.89

**POSTAGE SAVINGS \$2,170.93**



Cindy Cannon

## ATTN: ALL VOLUNTEER FIREFIGHTERS & DEPARTMENTS

Does your Department offer (at least) the minimum Volunteer Group Training required for Pension Creditable Service?

As we are out in the Field visiting Fire Departments, it has become evident that some Departments fail to adhere to the minimum training requirements of a Volunteer Department to be Pension-eligible for the year. And while there aren't a whole lot of requirements, the few that are there, need to be met. If a firefighter volunteers for a department that is not meeting the minimum training requirements, he or she will not be able to earn pension creditable service from the Fund for the year(s) the Department was not meeting the minimum training requirements....no matter how many training meetings and calls that person may have attended.

The Fund requires that a Volunteer Department must offer a minimum of **8 hours** of regular, organized **group training EACH month** in at least 10 months of a calendar year. If your Department **fails to hold at least 8 hours** of training in 3 or more months during a calendar year, **no member** of that Department **may receive pension creditable service** as a volunteer firefighter for that calendar year. If a department does meet the minimum offering of the above, the member's creditable service is then calculated as a percentage of their personal attendance at the Department's total offering of "regular" department training and the "eligible" department calls.

It's also understood that sometimes, members obtain additional training from sources outside the department's regular training times, and even outside the department all together. Recognizing the added value to the department from some of these training classes, beginning in 2013, the Fund began allowing additional member credit to be earned. That training must be relative to the overall mission of the department. And no more than 25% of the member's overall score may be earned outside the regular department activity. Bear in mind, if the department did not offer the minimum, no amount of additional training can be counted.

These Volunteer Department training requirements are the Law and they are not new. These current minimums have been in the Code and Rules and Regulations since 1956. That's 61 years. Sadly, we are discovering that more and more departments are failing to offer their members the minimum training (at least 8 hours each month of regular organized group training). This has resulted in many of our volunteer members losing valuable pension creditable service due to the failures of their Department.

It is important for our volunteer members to know that each year their Chief submits the Department Volunteer affidavits to the Fund in order for their members to earn creditable service. In the affidavit he/she attests to the Fact that the Department did offer at least 8 hours of group training each month during the calendar year.

There is, and there always has been a legal expectation by the Fund that its volunteer members are earning pension creditable service from Departments that do offer at least the minimum amount of Department training during the year. That is at least 8 hours of group training each month. It's important to remember that these are minimums. Many volunteer departments offer training programs that exceed these minimums. That is perfectly fine, but not a Fund requirement. We leave that up to the discretion of the Department and/or the Chief. Every department must meet the minimum, however.

For a better understanding of these requirements, you may contact our office and schedule a meeting with a Pension Fund representative. These representatives travel the state, and will be more than happy to come visit your department. Evening meetings are not a problem as we recognize most volunteer departments meet after work hours.



## GFPF CONTACTS

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