

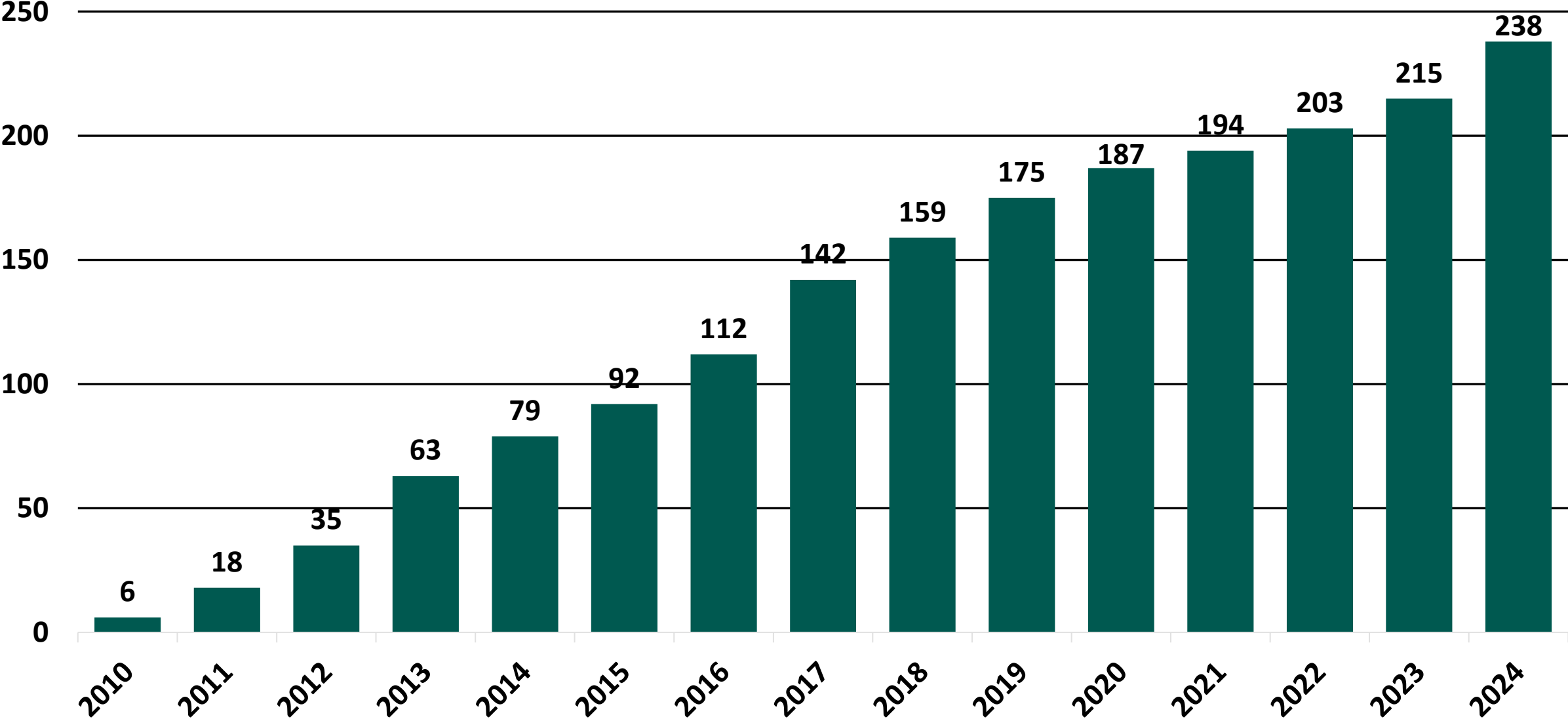
# PERA SVF Incentive Plan

Doug Anderson, ASA, MAAA, Executive Director | January 11, 2024

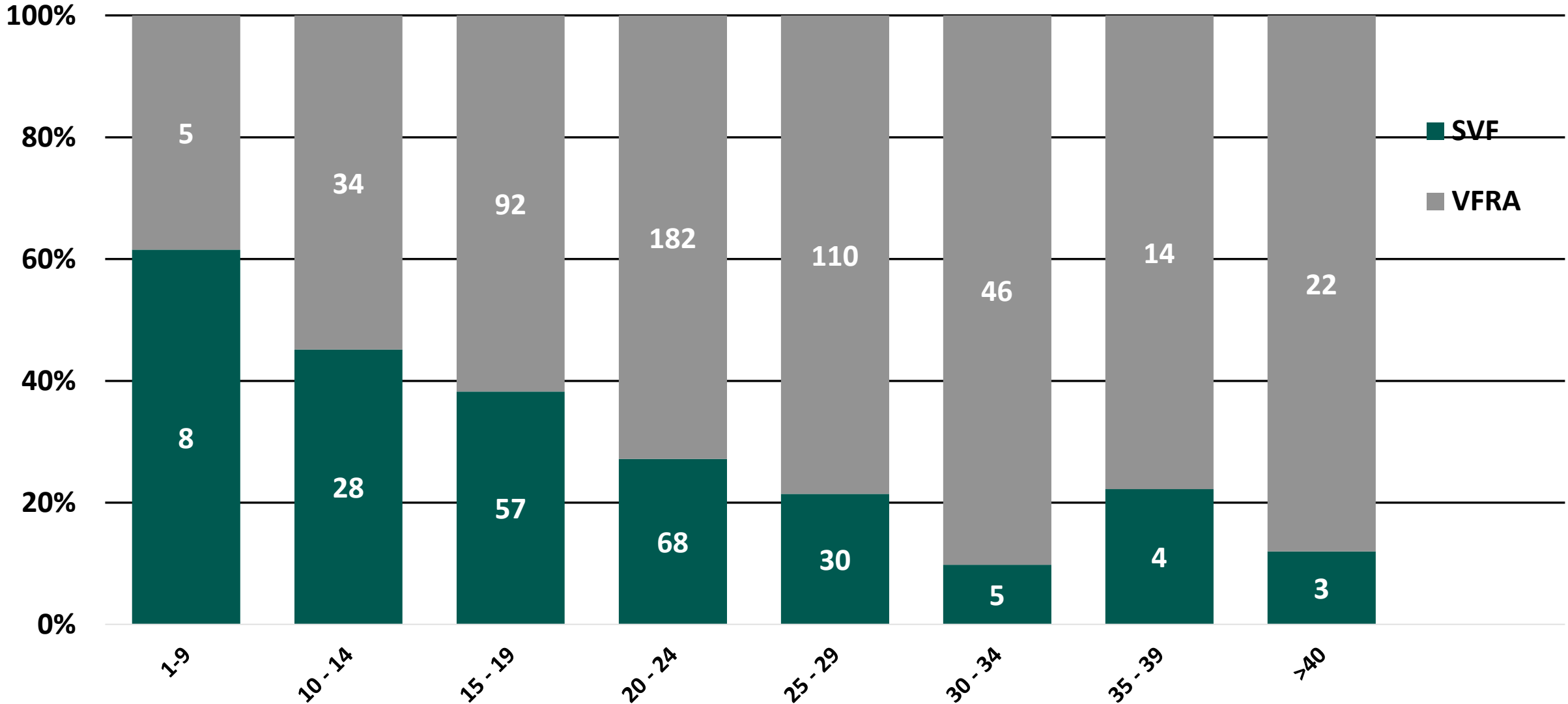
Amy Streng, Policy Coordinator



# Number of SVF Plans as of January 1



# Percentage of Plans in SVF by Active Headcount

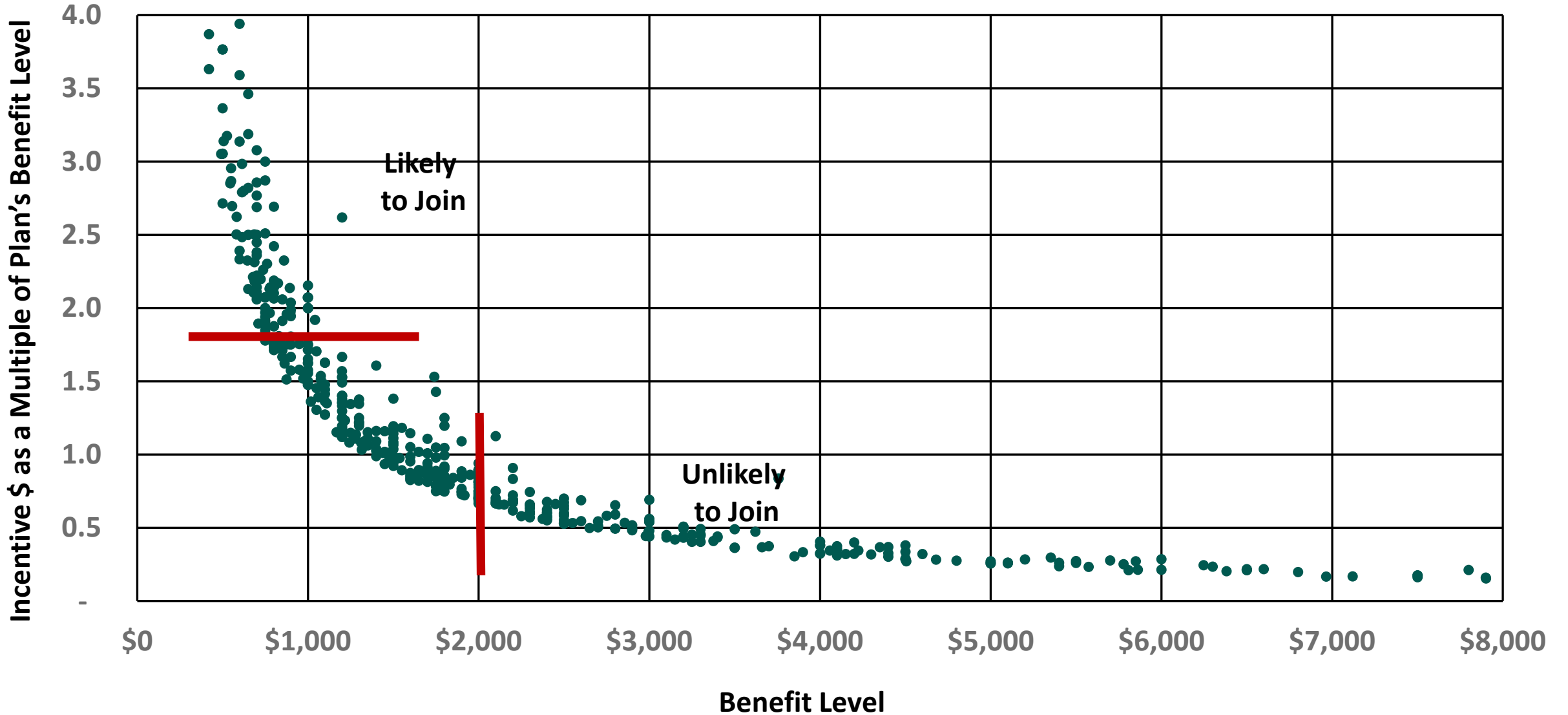


# SVF Incentive Plan Considerations

1	Success will be measured primarily by the number of plans joining (not the number of active members)
2	The \$5M is presumed to be the only incentive available (no more is expected in future years).
3	Incentive money is intended to be used for benefits (not to build a surplus).
4	The incentive amount will not vary by the date an entity joins.
5	The incentive formula will consist of a fixed dollar amount per plan plus a fixed dollar amount per active member (ex. \$10,000 per plan plus \$1,000 per active member).
6	There will be no minimum participation period. Once the incentive payment is made it cannot be rescinded. An entity will not be restricted from leaving the SVF.



# \$10,000/Plan + \$1,000/Active Member



# \$10,000/Plan + \$1,000/Active Member

	Group A	Group B	Group C	Total
	Likely	Unsure	Unlikely	
<b>Criteria</b>	Incentive \$ >= 2 years of benefit level	Neither A or C	Benefit Level >= \$2,000	
<b>Probability</b>	50%	25%	10%	
<b># of Plans</b>	97	195	213	<b>505</b>
<b># of Members</b>	1,737	4,299	6,174	<b>12,210</b>
<b>Who are they?</b>	Altura, Arrowhead, Badger, Balaton, Beardsley	Ada, Adams, Adrian, Alpha, Amboy	Albany, Albertville, Alexandria, Almelund, Andover	
<b>Active Members Average &amp; Range</b>	18 (7 – 34)	22 (6 – 32)	29 (7 – 95)	
<b>Benefit Level Average &amp; Range</b>	\$649 (\$100 - \$1,200)	\$1,306 (\$710 - \$1,950)	\$4,418 (\$2,000 - \$16,394)	
<b>Funding Ratio Average &amp; # &gt; 150%</b>	185% 58 > 150%	149% 71 > 150%	144% 71 > 150%	<b>200 &gt; 150%</b>
<b>Expected Plans</b>	49	49	21	<b>119</b>
<b>Expected Members</b>	869	1,075	617	<b>2,561</b>
<b>Expected Cost</b>	<b>\$1.5M</b>	<b>\$1.4M</b>	<b>\$0.9M</b>	<b>\$3.8M</b>



# Advisory Board Recommended Incentive Plan Outline

Step	Methodology
<b>Step 1</b>	<ul style="list-style-type: none"><li>• The initial incentive amount is:<ul style="list-style-type: none"><li>• \$10,000 per plan, plus</li><li>• \$1,000 per active member</li></ul></li><li>• The initial incentive amount applies to 2023, 2024, and 2025 entrants or until \$5M is exhausted</li><li>• Order of eligibility is based on proper submission of participation documents</li><li>• Amount is paid to the plan (not the individual member)</li></ul>
<b>Step 2</b>	<ul style="list-style-type: none"><li>• 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:<ul style="list-style-type: none"><li>• \$10,000 per plan, plus</li><li>• \$1,000 per active member, plus</li><li>• \$X per active member (amount to be determined by PERA)</li></ul></li><li>• 2023, 2024 and 2025 entrants will also receive the additional \$X per active member.</li><li>• PERA has discretion to set the amount in a way to maximize the addition of new plans.</li></ul>
<b>Step 3</b>	<ul style="list-style-type: none"><li>• If money remains in the incentive plan pool after allocation to 2026 entrants, Step 2 is repeated</li></ul>

