

HF 4297 (Freiberg); SF xxxx: PERA Statewide Volunteer Firefighter Plan Administrative Bill

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Introduction

- Affected Plan:** PERA Statewide Volunteer Firefighter Plan
- Laws Amended:** Various sections of Chapter 353G
- Brief Description:** HF 4297 (Freiberg); SF xxxx amends a number of statutes governing the Public Employees Retirement Association (PERA) Statewide Volunteer Firefighter Plan. The amendments do not substantively affect the amount of a benefit or eligibility for a benefit and make changes of an administrative or technical nature.

Amendment H4297-1A: Amendment H4297-1A makes clarifying and technical changes to the bill.

Section-by-Section Summary

Section 1: New definition for "governing body."

Section 1 amends Minnesota Statutes, Section 353G.01, the definitions section, to add a new definition of "governing body." This was needed to simplify the reference wherever it appeared, instead of having to include the entire definition.

Section 2: Election to be covered by the PERA Statewide Plan.

Section 2 amends Minnesota Statutes, Section 353G.08, Subdivision 1, to allow a relief association to initiate joining the Public Employees Retirement Association Statewide Volunteer Firefighter Plan (PERA SVF) under new paragraph (a). New paragraph (b) allows a municipality or independent nonprofit firefighting corporation with volunteer firefighters that are not covered by a relief association to initiate joining PERA SVF. The first step in the process is to request that the PERA executive director complete a cost analysis of the prospective retirement coverage. The request must be made jointly by the relief association and the municipality or firefighting corporation.

Section 3: Required approvals to transfer to coverage by the PERA Statewide Plan.

Section 3 amends Minnesota Statutes, Section 353G.05, Subdivision 5, to require that the executive director of PERA must deliver the cost analysis to the relief association and the governing body of the municipality or municipalities, in the case of a joint powers entity, or the firefighting corporation. Subdivision 5, new Paragraph (b), clarifies that the transfer of coverage to PERA SVF is considered approved if it is approved by both the relief association and the governing body within 120 days of receipt of the cost analysis.

Paragraph (b) also states that if the governing body of the municipality or municipalities, in the case of a joint powers entity, or the firefighting corporation does not take action to approve the transfer, the transfer is not approved. Paragraph (b) should also have allowed the relief association to withhold its approval and thereby stop the transfer from proceeding. An amendment has been prepared to revise paragraph (b) to permit the relief association to withhold its approval and thereby stop the transfer from proceeding.

Paragraph (c) has been revised to clarify the effective date of the transfer, which is January 1 next following the date of approval by the last governing body. This too should have included the relief association, since the approval by the board of trustees may occur after the date of approval by the last governing body and would determine which January 1 applies.

Proposed amendment H4297-1A revises paragraph (c) to take into account the date of the relief association approval, if later than the date of approval of the last governing body.

Section 4: Approval by joint powers entities.

Section 4 adds a new Subdivision 6 to Minnesota Statutes, Section 353G.05, to provide that whenever an election or approval by or delivery to a governing body of a municipality is required under Section 353G.05, and the volunteer firefighters provided services to a fire department operated as a joint powers entity, all municipalities that are party to the joint powers agreement must make the election, approval, or delivery, unless the joint powers agreement specifies a different process.

Section 5: Alternative lump-sum pension.

Section 5 amends Minnesota Statutes, Section 353G.09, Subdivision 3, by revising the language regarding how an alternative lump-sum pension amount is calculated. If a relief association's bylaws permitted the use of months in determining service credit, then months are used in the calculation of the lump sum amount. The section also clarifies that a member's benefit is reduced according to the vesting schedule if the member is not fully vested.

The alternative lump-sum pension amount is the benefit available to firefighters who were at least partially vested and older than retirement age on the day the department changed retirement plan coverage from the relief association to the statewide plan.

Section 6: Determination of a deferred member's benefit.

Section 6 adds a new Subdivision 4 to Minnesota Statutes, Section 353G.09, which states that a deferred member of a former relief association is eligible for the benefit the member would have received from the relief association, but payable from the statewide plan.

Proposed amendment H4297-1A also corrects drafting errors, which should be amended to avoid ambiguity regarding the role of the former relief association's bylaws in determining the member's eligibility.

Section 7: Lump-sum benefit increases.

Section 7 amends Section 353G.11, Subdivision 2, to allow either the fire chief of a fire department or the governing body that operates the fire department to initiate a benefit increase under the lump-sum division of the PERA SVF. Under current law, only the governing body may initiate a benefit increase. A benefit increase is initiated by making a request for a cost estimate from the executive director of PERA. Section 7 also clarifies that "timely" approval of a benefit increase means "within 120 days of the receipt of the cost estimate."

Section 8: Modification of benefits for a monthly plan in the PERA SVF Plan.

Section 8 makes two minor clarifying changes to Section 353G.121.

Section 9: Revisor instruction to change the plan name.

Section 9 instructs the Revisor of Statutes to change every reference to the "voluntary statewide volunteer firefighter retirement" plan or fund in Chapter 353G to "statewide volunteer firefighter plan" or "statewide volunteer firefighter fund," as applicable.

Section 10: Effective Date.

All sections of the bill are effective the day following enactment.

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