

1.2 ..... moves to amend S.F. No. 1712; H.F. No. 1758, the delete everything  
1.3 amendment (S1712-1A), as follows:

1.3 Page 7, line 23, delete "applicable"

1.4 Page 7, lines 24 to 25, reinstate the comma and delete "; section 353.651, subdivision  
1.5 3; or section 353E.04, subdivision 3. Such annuity must be"

1.6 Page 9, line 13, strike "member's" and insert "participant's"

1.7 Page 9, lines 15 and 18, strike "member's" and insert "participant's" and strike "member's"  
1.8 and insert "participant's"

1.9 Page 9, line 20, strike "Member's" and insert "Participant's"

1.10 Page 9, line 30, delete "terminated member's" and insert "participant's"

1.11 Page 10, after line 1, insert:

1.12 "Sec. 12. Minnesota Statutes 2020, section 353D.071, subdivision 2, is amended to read:

1.13 Subd. 2. **Required minimum distributions.** (a) The provisions of this subdivision apply  
1.14 for purposes of determining required minimum distributions for calendar years and must  
1.15 take precedence over any inconsistent provisions of the plan. All distributions required  
1.16 under this section must be determined and made in accordance with the treasury regulations  
1.17 under section 401(a)(9) of the Internal Revenue Code, including regulations providing  
1.18 special rules for governmental plans, as defined under section 414(d) of the Internal Revenue  
1.19 Code, that comply with a reasonable good faith interpretation of the minimum distribution  
1.20 requirements.

1.21 (b) The ~~member's~~ participant's entire interest must be distributed or begin to the member  
1.22 ~~in a lump sum be distributed~~ no later than the member's participant's required beginning  
1.23 date.

1.24 (c) If the ~~member~~ participant dies before the required minimum distribution is made or  
1.25 begins, the member's entire interest participant's account must be distributed in a lump sum  
1.26 no later than as follows:

1.27 (1) if the ~~member's~~ participant's surviving spouse is the ~~member's~~ participant's sole  
1.28 designated beneficiary, the distribution must be made by December 31 of the calendar year  
1.29 immediately following the calendar year in which the ~~member~~ participant died, or by  
1.30 December 31 of the calendar year in which the ~~member~~ participant would have attained ~~age~~  
1.31 ~~70 years, six months~~ the participant's required beginning date, whichever is later;

2.1 (2) if the ~~member's~~ participant's surviving spouse is not the ~~member's~~ participant's sole  
 2.2 beneficiary, or if there is no designated beneficiary as of September 30 of the year following  
 2.3 the year of the ~~member's~~ participant's death, the ~~member's entire interest~~ participant's account  
 2.4 must be distributed by December 31 of the calendar year containing the fifth anniversary  
 2.5 of the ~~member's~~ participant's death as directed under section 353D.07, subdivision 5; or

2.6 (3) if the ~~member's~~ participant's surviving spouse is the ~~member's~~ participant's sole  
 2.7 designated beneficiary and the surviving spouse dies after the ~~member~~ participant, but before  
 2.8 the account balance is distributed to the surviving spouse, paragraph (c), clause (2), must  
 2.9 apply as if the surviving spouse were the ~~member~~ participant.

2.10 (d) For purposes of paragraph (c), unless clause (3) applies, distributions are considered  
 2.11 to be made on the ~~member's~~ participant's required beginning date. If paragraph (c), clause  
 2.12 (3), applies, distributions are considered to begin on the date distributions must be made to  
 2.13 the surviving spouse under paragraph (c), clause (1).

2.14 **EFFECTIVE DATE.** This section is effective July 1, 2001."

2.15 Page ..., after line ..., insert:

2.16 **"ARTICLE ...**

2.17 **TECHNICAL CLARIFICATIONS AND CORRECTIONS**

2.18 Section 1. Minnesota Statutes 2020, section 353E.02, subdivision 2, is amended to read:

2.19 Subd. 2. **Local government correctional service employee.** (a) A local government  
 2.20 correctional service employee, for purposes of subdivision 1, is a person whom the employer  
 2.21 certifies:

2.22 (1) is employed in a county correctional institution as a correctional guard or officer, a  
 2.23 joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint  
 2.24 jailers/dispatchers;

2.25 (2) is directly responsible for the direct security, custody, and control of the county  
 2.26 correctional institution and its inmates;

2.27 (3) is expected to respond to incidents within the county correctional institution as part  
 2.28 of the person's regular employment duties and is trained to do so; and

2.29 (4) is a "public employee" as defined in section 353.01, but is not a member of the public  
 2.30 employees police and fire ~~fund~~ plan.

3.1 (b) The certification required under paragraph (a) must be made in writing on a form  
3.2 prescribed by the executive director of the Public Employees Retirement Association.

3.3 (c) A person who was a member of the local government correctional service retirement  
3.4 plan on May 15, 2000, remains a member of the plan after May 16, 2000, for the duration  
3.5 of the person's employment in that county correctional institution position, even if the  
3.6 person's subsequent service in this position does not meet the requirements set forth in  
3.7 paragraph (a).

3.8 Sec. 2. Minnesota Statutes 2020, section 356.635, subdivision 1, is amended to read:

3.9 Subdivision 1. **Retirement benefit commencement.** (a) The retirement benefit of a  
3.10 member ~~who has terminated employment~~ or participant must begin to be distributed or, if  
3.11 a lump sum, be distributed no later than the later of the member's or participant's required  
3.12 beginning date. "Required beginning date" means April 1 of the calendar year following  
3.13 the later of (i) the calendar year that in which the member or the participant attains the  
3.14 federal minimum distribution age under specified in section 401(a)(9)(C)(i)(I) of the Internal  
3.15 Revenue Code or April 1 of (ii) the calendar year following the calendar year in which the  
3.16 member terminated or participant terminates employment.

3.17 (b) A pension or defined contribution plan shall not be required to obtain the consent  
3.18 requirements of section 411(a)(11) of the Internal Revenue Code do not apply to the extent  
3.19 that a of a member or participant to a distribution if the distribution is required to satisfy  
3.20 the requirements of section 401(a)(9) of the Internal Revenue Code paragraph (a).

3.21 Sec. 3. Minnesota Statutes 2020, section 424A.01, subdivision 2, is amended to read:

3.22 Subd. 2. **Status of substitute volunteer firefighters.** No person who is serving as a  
3.23 substitute volunteer firefighter may be considered to be a firefighter for purposes of chapter  
3.24 ~~69 477B~~ or this chapter and no substitute volunteer firefighter is authorized to be a member  
3.25 of any volunteer firefighters relief association governed by chapter ~~69 477B~~ or this chapter.

3.26 Sec. 4. Minnesota Statutes 2020, section 424A.016, subdivision 4, is amended to read:

3.27 Subd. 4. **Individual accounts.** (a) An individual account must be established for each  
3.28 firefighter who is a member of the relief association.

3.29 (b) To each individual active member account must be credited an equal share of:

3.30 (1) any amounts of fire state aid and police and firefighter retirement supplemental state  
3.31 aid received by the relief association;

4.1 (2) any amounts of municipal contributions to the relief association raised from levies  
4.2 on real estate or from other available municipal revenue sources exclusive of fire state aid;  
4.3 and

4.4 (3) any amounts equal to the share of the assets of the special fund to the credit of:

4.5 (i) any former member who terminated active service with the fire department to which  
4.6 the relief association is associated before meeting the minimum service requirement provided  
4.7 for in subdivision 2, paragraph (b), and has not returned to active service with the fire  
4.8 department for a period no shorter than five years; or

4.9 (ii) any retired member who retired before obtaining a full nonforfeitable interest in the  
4.10 amounts credited to the individual member account under subdivision 2, paragraph (b), and  
4.11 any applicable provision of the bylaws of the relief association.

4.12 (c) In addition, any investment return on the assets of the special fund must be credited  
4.13 in proportion to the share of the assets of the special fund to the credit of each individual  
4.14 active member account and inactive member account, unless the inactive member is a  
4.15 deferred member as defined in subdivision 6.

4.16 (d) Administrative expenses of the relief association payable from the special fund may  
4.17 be deducted from individual accounts in a manner specified in the bylaws of the relief  
4.18 association.

4.19 (e) Amounts to be credited to individual accounts must be allocated uniformly for all  
4.20 years of active service and allocations must be made for all years of service, except for caps  
4.21 on service credit if so provided in the bylaws of the relief association. Amounts forfeited  
4.22 under paragraph (b), clause (3), before a resumption of active service and membership under  
4.23 section 424A.01, subdivision 6, remain forfeited and may not be reinstated upon the  
4.24 resumption of active service and membership. The allocation method may utilize monthly  
4.25 proration for fractional years of service, as the bylaws or articles of incorporation of the  
4.26 relief association so provide. The bylaws or articles of incorporation may define a "month,"  
4.27 but the definition must require a calendar month to have at least 16 days of active service.  
4.28 If the bylaws or articles of incorporation do not define a "month," a "month" is a completed  
4.29 calendar month of active service measured from the member's date of entry to the same date  
4.30 in the subsequent month.

4.31 (f) ~~At the time of retirement~~ that the payment of a service pension commences under  
4.32 subdivision 2 and any applicable provision of the bylaws of the relief association, a retiring  
4.33 member is entitled to that portion of the assets of the special fund to the credit of the member  
4.34 in the individual member account which is nonforfeitable under subdivision 3 and any

5.1 applicable provision of the bylaws of the relief association based on the number of years  
5.2 of service to the credit of the retiring member.

5.3 (g) Annually, the secretary of the relief association shall certify the individual account  
5.4 allocations to the state auditor at the same time that the annual financial statement or financial  
5.5 report and audit of the relief association, whichever applies, is due under section 424A.014.

5.6 Sec. 5. Minnesota Statutes 2020, section 424A.10, subdivision 2, is amended to read:

5.7 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
5.8 firefighters relief association or by the statewide lump-sum volunteer firefighter plan of a  
5.9 lump-sum distribution to a qualified recipient, the association or retirement plan, as  
5.10 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any  
5.11 law to the contrary, the relief association must pay the supplemental benefit out of its special  
5.12 fund and the statewide lump-sum volunteer firefighter plan must pay the supplemental  
5.13 benefit out of the statewide lump-sum volunteer firefighter plan. This benefit is an amount  
5.14 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the  
5.15 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental  
5.16 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a  
5.17 survivor of a deceased active or deferred volunteer firefighter in that capacity.

5.18 (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
5.19 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
5.20 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a  
5.21 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer  
5.22 firefighter from the special fund of the relief association and the retirement plan must pay  
5.23 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer  
5.24 firefighter from the retirement fund if chapter 353G so provides. The amount of the  
5.25 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

5.26 (c) For purposes of this section, the term "regular lump-sum distribution" means the  
5.27 pretax lump-sum distribution excluding any interest that may have been credited during a  
5.28 volunteer firefighter's period of deferral.

5.29 (d) An individual may receive a supplemental benefit under paragraph (a) or under  
5.30 paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer  
5.31 firefighter benefit.

6.1 Sec. 6. **[424B.001] APPLICATION OF CHAPTER 424A.**

6.2 This chapter must be read in conjunction with chapter 424A. For the purposes of this  
6.3 chapter, the definitions and other provisions of chapter 424A apply where not inconsistent  
6.4 with this chapter.

6.5 Sec. 7. Minnesota Statutes 2020, section 424B.01, subdivision 3a, is amended to read:

6.6 Subd. 3a. **Conversion effective date.** "Conversion effective date" means the date  
6.7 designated by the board of trustees under section 424B.13, subdivision 2, on which the  
6.8 assets of the defined benefit plan have been allocated to accounts under the defined  
6.9 contribution plan.

6.10 Sec. 8. Minnesota Statutes 2020, section 424B.01, subdivision 3b, is amended to read:

6.11 Subd. 3b. **Defined benefit plan.** "Defined benefit plan" means a retirement plan that  
6.12 provides a retirement benefit ~~that is a lump sum, the amount of which is determined by~~  
6.13 ~~multiplying the applicable lump sum service pension amount under section 424A.02,~~  
6.14 ~~subdivision 3, paragraph (d), by years of service, or a monthly pension, the amount of which~~  
6.15 ~~is determined by multiplying the applicable monthly pension amount under section 424A.02,~~  
6.16 ~~subdivision 3, paragraph (e), by years of service. A defined benefit plan may provide both~~  
6.17 ~~a lump sum benefit and a monthly pension~~ under section 424A.02.

6.18 Sec. 9. Minnesota Statutes 2020, section 424B.01, subdivision 3d, is amended to read:

6.19 Subd. 3d. **Defined contribution plan.** "Defined contribution plan" means a retirement  
6.20 plan that provides a retirement benefit ~~based on the member's individual account balance~~  
6.21 under section 424A.016.

6.22 Sec. 10. Minnesota Statutes 2020, section 424B.01, subdivision 3g, is amended to read:

6.23 Subd. 3g. **Member.** (a) "Member" means a person:

6.24 (1) who is ~~a member of~~ or was employed by or who provides or provided services to a  
6.25 fire department or independent nonprofit firefighting corporation;

6.26 (2) who has been credited with at least one year of service toward a retirement benefit  
6.27 under the retirement plan of a relief association that is affiliated with the fire department or  
6.28 independent nonprofit firefighting corporation; and

7.1 (3) whose retirement benefit under the retirement plan has not yet been distributed in a  
7.2 lump sum or has not yet begun to be distributed in periodic installments or as a monthly  
7.3 pension.

7.4 (b) A member may be an active firefighter, an inactive firefighter, or a former firefighter  
7.5 who has a benefit under the retirement plan but has not become eligible to receive the benefit.

7.6 Sec. 11. Minnesota Statutes 2020, section 424B.01, subdivision 3h, is amended to read:

7.7 Subd. 3h. **Municipality.** "~~Municipality~~" ~~means a city or township that has established~~  
7.8 ~~a fire department with which the relief association is affiliated, a city or township that has~~  
7.9 ~~entered into a contract with an independent nonprofit firefighting corporation with which~~  
7.10 ~~the relief association is affiliated, or a city or township that has entered into a joint powers~~  
7.11 ~~agreement under section 471.59 with one or more cities or townships to operate a fire~~  
7.12 ~~department with which the relief association is affiliated~~ has the meaning given in section  
7.13 424A.001, subdivision 3. A reference in chapter 424B to municipality in connection with  
7.14 a power that may be exercised by or a requirement that is imposed on the municipality  
7.15 means each city or township that is party to a joint powers agreement, unless the joint powers  
7.16 agreement identifies one city or township with the authority to act on behalf of the other  
7.17 parties to the agreement or with the responsibility for fulfilling requirements imposed on  
7.18 the other parties to the agreement.

7.19 Sec. 12. Minnesota Statutes 2020, section 424B.01, subdivision 3i, is amended to read:

7.20 Subd. 3i. **Other benefit recipient.** "Other benefit recipient" means:

7.21 (1) a person who is entitled to receive all or a portion of the benefit of a ~~member~~  
7.22 participant under a retirement plan due to the person having one of the following relationships  
7.23 to the ~~member~~ participant:

7.24 (i) the ~~member's~~ participant's surviving spouse;

7.25 (ii) the ~~member's~~ participant's former spouse who is the alternate payee under a state  
7.26 domestic relations order that meets the requirements of section 414(p) of the Internal Revenue  
7.27 Code or who is a recipient of a court-ordered distribution of marital property, as provided  
7.28 in section 518.58; or

7.29 (iii) a nonspousal beneficiary of the ~~member~~ participant; or

7.30 (2) the ~~member's~~ participant's estate.

8.1 Sec. 13. Minnesota Statutes 2020, section 424B.01, is amended by adding a subdivision  
8.2 to read:

8.3 Subd. 3j. **Participant.** (a) Under a defined contribution plan, "participant" means any  
8.4 individual who provides services to or is employed by a municipality or firefighting  
8.5 corporation and who satisfies the eligibility requirements to receive an allocation to the  
8.6 individual's account under the defined contribution plan. An individual who becomes a  
8.7 participant and has an account in the plan to which an allocation was credited shall be  
8.8 considered to be a participant until the earlier of the individual's death or the distribution  
8.9 or forfeiture of the individual's entire account in the plan.

8.10 (b) Under a defined benefit plan, "participant" means any individual who provides  
8.11 services to or is employed by a municipality or firefighting corporation and who satisfies  
8.12 the eligibility requirements to begin to accrue a benefit under the defined benefit plan. An  
8.13 individual who becomes a participant and has accrued a benefit under the plan shall be  
8.14 considered to be a participant until the earlier of the individual's death or the distribution  
8.15 or forfeiture of the individual's entire accrued benefit under the plan.

8.16 (c) If an individual satisfies paragraph (a) or (b), the individual must be considered a  
8.17 participant, notwithstanding other terms used in applicable law or the relief association's  
8.18 articles or bylaws to describe the individual. A participant includes a member, active member,  
8.19 deferred member, inactive member, and retiree in pay status.

8.20 Sec. 14. Minnesota Statutes 2020, section 424B.01, subdivision 4a, is amended to read:

8.21 Subd. 4a. **Relief association.** (a) "Relief association" or "volunteer firefighter relief  
8.22 association" means a nonprofit corporation incorporated under or governed by chapter 317A  
8.23 that is a governmental entity that receives and manages public money to provide retirement  
8.24 benefits for individuals providing the governmental services of firefighting and emergency  
8.25 first response, is subject to chapter 424A, and is affiliated with: (1) a fire department  
8.26 established by municipal ordinance; (2) an independent nonprofit firefighting corporation  
8.27 incorporated under chapter 317A; or (3) a fire department operated as or by a joint powers  
8.28 entity. (b) Relief association or volunteer firefighters relief association does not mean the  
8.29 statewide volunteer firefighter plan governed by chapter 353G has the meaning given under  
8.30 section 424A.001, subdivision 4.

8.31 Sec. 15. Minnesota Statutes 2020, section 424B.01, subdivision 5b, is amended to read:

8.32 Subd. 5b. **Retiree in pay status.** "Retiree in pay status" means a former member who  
8.33 left employment or service as an active firefighter, has reached at least age 50, and participant



9.1 who is receiving a monthly pension or periodic installment payments from a retirement  
9.2 plan.

9.3 Sec. 16. Minnesota Statutes 2020, section 424B.01, subdivision 5c, is amended to read:

9.4 Subd. 5c. **Retirement benefit.** "Retirement benefit" means the benefit to which a ~~member~~  
9.5 participant is entitled under a retirement plan.

9.6 Sec. 17. Minnesota Statutes 2020, section 424B.04, subdivision 3, is amended to read:

9.7 Subd. 3. **Board administration.** The board of trustees must administer the affairs of  
9.8 the relief association consistent with this chapter and the applicable provisions of chapters  
9.9 ~~69~~, 356A, ~~and 424A~~, and 477B.

9.10 Sec. 18. Minnesota Statutes 2020, section 424B.13, subdivision 2, is amended to read:

9.11 Subd. 2. **Board of trustees.** To initiate and complete a conversion, the board of trustees  
9.12 must:

9.13 (1) approve resolutions that:

9.14 (i) state that the defined benefit plan is being converted to a defined contribution plan;

9.15 (ii) designate a conversion effective date;

9.16 (iii) direct that each participant, except any retiree in pay status who is receiving a  
9.17 monthly service pension from a relief association described in section 424A.093, becomes  
9.18 fully vest all members (100 percent) vested as of the conversion effective date in each  
9.19 member's lump-sum benefit or monthly pension, such that each member is 100 percent  
9.20 vested in the member's lump-sum the participant's retirement benefit or monthly pension;

9.21 (iv) if the relief association has a surplus as of the end of the relief association's most  
9.22 recent fiscal year before the conversion effective date, at the option of the board of trustees,  
9.23 conditionally increase the lump-sum benefit or monthly pension amount under the defined  
9.24 benefit plan, as provided under subdivision 4;

9.25 (v) determine the method for allocating a surplus;

9.26 (vi) adopt a defined contribution plan and approve a plan document that complies with  
9.27 section 424A.016 and states the terms and conditions for eligibility, vesting, allocation of  
9.28 contributions, distribution of retirement benefits, and any ancillary benefits; and

9.29 (vii) authorize any bylaws amendments needed to incorporate items (i) to (vi) into the  
9.30 bylaws;

10.1 (2) obtain the consent of the municipality or firefighting corporation if required by  
10.2 subdivision 3;

10.3 (3) determine the present value of each ~~member's~~ participant's accrued benefit as of the  
10.4 conversion effective date as required by subdivision 5;

10.5 (4) if there is a surplus, allocate the surplus under a method that complies with subdivision  
10.6 6;

10.7 (5) if there is not a surplus, take the actions required under subdivision 7;

10.8 (6) provide the notices required under subdivisions 8 and 9; and

10.9 (7) implement the conversion, including the requirements under subdivision 10.

10.10 Sec. 19. Minnesota Statutes 2020, section 424B.13, subdivision 4, is amended to read:

10.11 Subd. 4. **Benefit increase.** (a) If the relief association has a surplus as of the end of the  
10.12 relief association's most recent fiscal year before the conversion effective date, the board  
10.13 of trustees may approve a resolution that increases the lump-sum benefit or monthly pension  
10.14 amount or both the lump-sum and monthly pension amount, if the relief association offers  
10.15 both, and amends the relief association bylaws without the consent of the affiliated  
10.16 municipality or firefighting corporation, notwithstanding section 424A.02, subdivision 10.  
10.17 The resulting lump-sum benefit or monthly pension amount is not limited to the maximum  
10.18 lump-sum benefit or monthly pension amounts under section 424A.02, subdivision 3.

10.19 (b) The benefit increase must not cause the liabilities of the retirement plan to exceed  
10.20 the value of the assets, after taking into account full vesting as required under subdivision  
10.21 2 and any administrative expenses arising from the conversion.

10.22 (c) The board of trustees shall specify whether the benefit increase will apply only to  
10.23 participants who are members active as of the conversion effective date or whether the  
10.24 benefit increase will apply to all ~~members~~ participants, including members who are not  
10.25 active as of the conversion effective date, notwithstanding section 424A.015, subdivision  
10.26 6.

10.27 (d) The board of trustees' resolution approving an increase in the benefit level must be  
10.28 considered conditional on there being sufficient assets to fund the increase and must state  
10.29 that if, as of the date benefits are transferred to the defined contribution plan, there are not  
10.30 sufficient assets to cover all benefit liabilities at the new higher benefit level, the benefit  
10.31 level will be reduced until assets equal or are greater than liabilities. The resolution must

11.1 state that the new lower benefit level will be considered approved by the board of trustees  
11.2 without further action by the board.

11.3 Sec. 20. Minnesota Statutes 2020, section 424B.13, subdivision 5, is amended to read:

11.4 Subd. 5. **Determination of value of pension benefits and distribution to former**  
11.5 **members retirees in pay status.** (a) The board of trustees shall determine the present value  
11.6 of each ~~member's~~ participant's accrued benefit, taking into account the full vesting  
11.7 requirement under subdivision 2 and any increase in the lump-sum benefit or monthly  
11.8 pension amount approved under subdivision 4:

11.9 (1) using the method set forth in section 424A.092, subdivision 2, for determining a  
11.10 plan's funded status by calculating the value of each ~~firefighter's~~ participant's accrued benefit;  
11.11 or

11.12 (2) as determined by an actuary retained by the relief association, who meets the definition  
11.13 of approved actuary under section 356.215, subdivision 1, paragraph (c).

11.14 (b) If the retirement plan pays a monthly pension, the board of trustees shall determine  
11.15 the present value of the remaining payments to any ~~former member~~ retiree in pay status or  
11.16 beneficiary who is receiving an annuity. Present value shall be determined by an actuary  
11.17 who meets the definition of approved actuary under section 356.215, subdivision 1, paragraph  
11.18 (c), retained by the relief association. The relief association shall offer the ~~former member~~  
11.19 retiree in pay status or beneficiary receiving the annuity:

11.20 (1) an immediate lump-sum distribution of an amount equal to the present value of the  
11.21 remaining payments as determined by the actuary and permit the ~~former member~~ retiree in  
11.22 pay status or beneficiary to elect a lump-sum payment or a direct rollover of the amount to  
11.23 an eligible retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the  
11.24 distribution is an eligible rollover distribution as defined in section 356.635, subdivisions  
11.25 4 and 5; or

11.26 (2) continued payments in the same monthly amount under an annuity to be purchased  
11.27 by the board of trustees from a reputable insurance company licensed to do business in the  
11.28 state.

11.29 Sec. 21. Minnesota Statutes 2020, section 424B.13, subdivision 6, is amended to read:

11.30 Subd. 6. **Allocation of surplus.** (a) If, as of the conversion effective date, the defined  
11.31 benefit plan has a surplus, the board of trustees shall allocate the surplus as follows:

12.1 (1) per capita method: each ~~member's~~ participant's account will receive the same dollar  
12.2 amount;

12.3 (2) service-based method: each ~~member's~~ participant's account will receive a share of  
12.4 the surplus based on the ratio of the ~~member's~~ participant's years of service to the total years  
12.5 of service for all ~~members~~ participants; or

12.6 (3) ~~member~~ participant and municipality sharing method under paragraph (b).

12.7 (b) The board of trustees may allocate the surplus using the ~~member~~ participant and  
12.8 municipality sharing method in accordance with this paragraph.

12.9 (1) For this purpose, "municipality" means "municipality" or "firefighting corporation,"  
12.10 as applicable.

12.11 (2) If the fire department is operated by more than one municipality under a joint powers  
12.12 agreement:

12.13 (i) any consent by the municipality under this paragraph requires consent by each  
12.14 municipality that is party to the joint powers agreement;

12.15 (ii) any payment of surplus to the municipality under this paragraph requires a payment  
12.16 of a pro rata share of surplus to each municipality that is party to the joint powers agreement;  
12.17 and

12.18 (iii) any restrictions on the use of surplus applies to each municipality that is party to  
12.19 the joint powers agreement.

12.20 (3) Under the ~~member~~ participant and municipality sharing method:

12.21 (i) first, the municipality will receive a share of the surplus based on the ratio of the  
12.22 municipal contributions made to the defined benefit relief association over a specified period  
12.23 of years to the total of fire state aid paid and municipal contributions made to the defined  
12.24 benefit relief association over the same period; and

12.25 (ii) second, any remaining surplus will be allocated to accounts of ~~members~~ participants  
12.26 using the per capita or service-based method.

12.27 (4) The board of trustees may impose conditions on the use of the surplus by the  
12.28 municipality, as follows:

12.29 (i) all or a specified portion of the surplus must be contributed back to the defined  
12.30 contribution relief association over a specified number of future years for allocation to the  
12.31 accounts of ~~members~~ participants eligible for an allocation;

13.1 (ii) all or a specified portion of the surplus must be used by the municipality for the  
13.2 purposes described in section 424A.08, paragraph (a) or (b); or

13.3 (iii) all or a specified portion of the surplus must be used by the municipality to provide  
13.4 health insurance or other welfare benefits for the ~~members~~ participants.

13.5 (c) The board of trustees shall specify whether the surplus will be allocated only to  
13.6 participants who are members ~~who are active firefighters~~ as of the conversion effective date  
13.7 or whether the surplus will be allocated to all ~~members~~ participants, including members  
13.8 who are not active ~~firefighters~~ as of the conversion effective date.

13.9 Sec. 22. Minnesota Statutes 2020, section 424B.13, subdivision 8, is amended to read:

13.10 Subd. 8. **Notice to members participants**. The board of trustees shall provide notice  
13.11 to all ~~members~~ participants at least 90 days before the conversion effective date. The notice  
13.12 shall include:

13.13 (1) an explanation that the plan is converting from a defined benefit plan to a defined  
13.14 contribution plan and provide definitions for those terms, the reasons for the conversion,  
13.15 the conversion effective date, and the procedure to be followed, including fully vesting all  
13.16 ~~members~~ participants;

13.17 (2) a summary of the terms of the newly adopted defined contribution plan;

13.18 (3) information about any increase in the benefit level and whether the increase applies  
13.19 to all participants or only active members ~~or only active firefighters~~;

13.20 (4) a section tailored to each ~~member~~ participant that provides an estimate of the present  
13.21 value of the ~~member's~~ participant's fully vested accrued benefit and the calculation that  
13.22 resulted in that value;

13.23 (5) an estimate of any anticipated surplus and an explanation of the disposition of the  
13.24 surplus, including, as applicable, a description of the method allocating the surplus among  
13.25 ~~members'~~ participants' accounts and whether the municipality, each municipality, if more  
13.26 than one municipality operates the fire department pursuant to a joint powers agreement,  
13.27 or firefighting corporation will receive any of the surplus and any conditions on its use; and

13.28 (6) contact information for one or more members of the board of trustees who will answer  
13.29 questions and provide a copy of the new defined contribution plan document or a summary,  
13.30 if requested, or directions to a website for viewing and printing the plan document or  
13.31 summary.

14.1 Sec. 23. Minnesota Statutes 2020, section 424B.13, subdivision 9, is amended to read:

14.2 Subd. 9. **Notice to municipality and state auditor.** The relief association shall provide  
14.3 notice to the municipality, each municipality, if more than one municipality operates the  
14.4 fire department pursuant to a joint powers agreement, or firefighting corporation affiliated  
14.5 with the relief association and the state auditor at the same time as the notice required under  
14.6 subdivision 8. The notice must include the information required under subdivision 8, except  
14.7 that the individualized information will be provided as a spreadsheet listing the name of  
14.8 each ~~firefighter~~ participant and the corresponding accrued benefit amount.

14.9 Sec. 24. Minnesota Statutes 2020, section 424B.13, subdivision 10, is amended to read:

14.10 Subd. 10. **Implementation.** (a) A record-keeping account shall be established for each  
14.11 ~~member~~ participant under the defined contribution plan to which is recorded the value of  
14.12 the ~~firefighter's~~ participant's fully vested accrued benefit as determined as of the conversion  
14.13 effective date and the amount of any surplus allocated to the ~~firefighter's~~ participant's account.

14.14 (b) In no event may the value of a ~~member's~~ participant's account in the defined  
14.15 contribution plan be less as of the day following the conversion effective date than the  
14.16 present value of the ~~member's~~ participant's accrued benefit as of the day before the conversion  
14.17 effective date.

14.18 Sec. 25. Minnesota Statutes 2020, section 424B.22, subdivision 1, is amended to read:

14.19 Subdivision 1. **Application.** (a) Notwithstanding any laws to the contrary, this section  
14.20 applies to:

14.21 (1) the termination of a retirement plan established and administered by a relief  
14.22 association, whether or not the relief association is also dissolved or eliminated; and

14.23 (2) the dissolution of a relief association that is not consolidating with another relief  
14.24 association under sections 424B.01 to 424B.10.

14.25 This section does not apply to the dissolution of a relief association or the termination of a  
14.26 retirement plan that occurs due to the change in retirement coverage from a retirement plan  
14.27 administered by a relief association to the Public Employees Retirement Association  
14.28 statewide volunteer firefighter plan under section 353G.06.

14.29 (b) To terminate a retirement plan, the board of trustees must comply with subdivisions  
14.30 3, 5 to 11, and, if desired, subdivision 4.

14.31 (c) To dissolve a relief association, the board of trustees of the relief association must:

- 15.1 (1) terminate the retirement plan in accordance with ~~this section~~ paragraph (b);
- 15.2 (2) determine all legal obligations of the special and general funds of the relief association,
- 15.3 as required by subdivision 5;
- 15.4 (3) take the actions required by subdivision 12; and
- 15.5 (4) comply with the requirements governing dissolution of nonprofit corporations under
- 15.6 chapter 317A.
- 15.7 (d) A relief association that terminates its retirement plan must liquidate its special fund
- 15.8 as provided in subdivision 8, but need not liquidate its general fund if the relief association
- 15.9 is not being dissolved.

15.10 Sec. 26. Minnesota Statutes 2020, section 424B.22, subdivision 2, is amended to read:

15.11 Subd. 2. **Involuntary dissolution and termination.** (a) A relief association is dissolved

15.12 and the retirement plan administered by the relief association is terminated automatically

15.13 if:

15.14 (1) the fire department affiliated with a relief association is dissolved by action of the

15.15 governing body of the municipality in which the fire department is located or by the

15.16 governing body of the independent nonprofit firefighting corporation, whichever applies;

15.17 or

15.18 (2) the fire department affiliated with a relief association has terminated the employment

15.19 or services of all active ~~firefighters covered by~~ members of the relief association.

15.20 (b) An involuntary termination of a relief association under this subdivision is effective

15.21 on the December 31 that is at least eight months after the date on which the fire department

15.22 is dissolved or the termination of employment or services of all active ~~firefighters~~ members

15.23 of the relief association occurs.

15.24 (c) The retirement plan administered by a relief association is terminated automatically

15.25 if the relief association is dissolved, effective on the date of the dissolution of the relief

15.26 association.

15.27 Sec. 27. Minnesota Statutes 2020, section 424B.22, subdivision 3, is amended to read:

15.28 Subd. 3. **Retirement plan termination date, full vesting, and forfeitures.** (a) Unless

15.29 subdivision 2 applies, the effective date of the termination of a retirement plan is the date

15.30 approved by the board of trustees of the relief association. If the board of trustees does not

15.31 approve a termination date, the effective date of the termination of a retirement plan is the

16.1 effective date of the dissolution of the relief association or, if the relief association is not  
16.2 being dissolved, the end of the calendar year in which the termination of employment or  
16.3 services of all active firefighters has been terminated, unless the board of trustees of the  
16.4 relief association approves a different termination date members of the relief association  
16.5 occurs.

16.6 (b) As of the earlier of the retirement plan termination date or the date on which the  
16.7 termination of employment or services of all active firefighters have been terminated  
16.8 members of the relief association occurs, each member participant becomes fully (100  
16.9 percent) vested in the member's participant's retirement benefit under the retirement plan,  
16.10 notwithstanding any bylaws or laws to the contrary, except as provided in paragraph (e) for  
16.11 any retiree in pay status who is receiving a monthly service pension from a relief association  
16.12 described in section 424A.093.

16.13 (c) If the relief association is a defined contribution relief association, the account of  
16.14 each member participant who becomes 100 percent vested under paragraph (b) shall include  
16.15 an allocation of any forfeiture that is required, under the bylaws of the relief association, to  
16.16 occur on or as of the end of the calendar year during which the termination of the retirement  
16.17 plan is effective, if the member participant is entitled to an allocation of forfeitures under  
16.18 the bylaws. Any account so forfeited shall not be included in the retirement benefits that  
16.19 become 100 percent vested under paragraph (b).

16.20 Sec. 28. Minnesota Statutes 2020, section 424B.22, subdivision 4, is amended to read:

16.21 Subd. 4. **Benefit increase.** (a) Notwithstanding section 424A.02, subdivision 10, the  
16.22 board of trustees of a relief association may increase the benefit amount under a defined  
16.23 benefit relief association without the consent of the affiliated municipality or independent  
16.24 nonprofit firefighting corporation, as provided in this subdivision.

16.25 (b) If the retirement plan being terminated is a defined benefit plan, the board of trustees  
16.26 may approve an amendment to the bylaws of the relief association to increase the lump-sum  
16.27 or monthly pension amount or both the lump and monthly pension amount, if the relief  
16.28 association offers both, up to 125 percent of the largest maximum lump-sum service pension  
16.29 amount or service pension amount payable per month in effect under paragraph (c) or (d),  
16.30 respectively, of section 424A.02, subdivision 3, without regard to the relief association's  
16.31 minimum average amount of available financing per firefighter. The amount by which the  
16.32 lump-sum or monthly pension amount is increased must not cause the liabilities of the  
16.33 retirement plan to exceed the value of the assets, after taking into account full vesting as  
16.34 required under subdivision 3 and any administrative expenses.



17.1 (c) The board of trustees shall specify whether the benefit increase will apply to only  
17.2 participants who are members active as of the date of the termination of the retirement plan  
17.3 or whether the benefit increase will apply to all ~~members~~ participants, including members  
17.4 who are not active as of the plan termination date.

17.5 Sec. 29. Minnesota Statutes 2020, section 424B.22, subdivision 5, is amended to read:

17.6 Subd. 5. **Determination of assets and liabilities.** (a) The board of trustees shall determine  
17.7 the following as of the date of termination of the retirement plan:

17.8 (1) the fair market value of the assets of the special fund;

17.9 (2) the present value of each ~~member's~~ participant's accrued benefit, taking into account  
17.10 full vesting under subdivision 3 and any increased lump-sum or monthly benefit level  
17.11 approved under subdivision 4;

17.12 (3) the present value of any benefit remaining to be paid to each retiree in pay status, if  
17.13 any; and

17.14 (4) administrative expenses incurred or reasonably anticipated to be incurred through  
17.15 the date on which all retirement benefits have been distributed or transferred or, if later, the  
17.16 effective date of the dissolution of the relief association.

17.17 (b) The board of trustees shall compile a schedule that includes the following information:

17.18 (1) the name of each ~~member and~~ participant, including each retiree in pay status to  
17.19 whom a benefit or pension is or will be owed;

17.20 (2) the name of each other benefit recipient to whom a benefit or pension is or will be  
17.21 owed; and

17.22 (3) for each individual described in clauses (1) and (2), the amount of the benefit or  
17.23 pension to which the individual is entitled under the bylaws of the relief association, taking  
17.24 into account the changes required or permitted by this section, the corresponding number  
17.25 of years of service on which the benefit or pension is based, and the earliest date on which  
17.26 the benefit or pension would have been payable under the bylaws of the relief association.

17.27 (c) If the relief association is dissolving, in addition to the determination under paragraph  
17.28 (a) for the retirement plan, the board of trustees shall determine, as of the effective date of  
17.29 the dissolution of the relief association, the legal obligations of the general fund of the relief  
17.30 association.

18.1 Sec. 30. Minnesota Statutes 2020, section 424B.22, subdivision 7, is amended to read:

18.2 Subd. 7. **Allocation of surplus.** (a) If the retirement plan is a defined benefit plan and  
18.3 if, after completing the determination of assets, liabilities, and administrative expenses under  
18.4 subdivision 5, there is a surplus, the board of trustees shall transfer to the affiliated  
18.5 municipality the lesser of (1) the amount of the surplus, or (2) the sum of all required  
18.6 contributions, without investment earnings or interest thereon, made by the municipality to  
18.7 the relief association during the year in which the termination of the retirement plan occurs  
18.8 or during the preceding nine years.

18.9 (b) If the affiliated municipality did not make any required contributions to the relief  
18.10 association during the current or preceding nine years or if, after the transfer described in  
18.11 paragraph (a), there is surplus remaining, the relief association and the municipality will  
18.12 mutually agree on an allocation between them of the remaining surplus.

18.13 (c) If, within 180 days of the date of termination of the retirement plan, the municipality  
18.14 and relief association have not reached an agreement on the allocation of the surplus under  
18.15 paragraph (b), then 50 percent of the surplus shall be retained by the relief association and  
18.16 50 percent of the surplus shall be transferred to the affiliated municipality.

18.17 (d) Any surplus retained by the relief association under paragraph (c) shall be allocated  
18.18 among all ~~members~~ participants eligible to share in the surplus in the same proportion that  
18.19 the present value of the accrued benefit for each eligible ~~member~~ participant bears to the  
18.20 total present value of the accrued benefits of all ~~members~~ participants eligible to share in  
18.21 the surplus, and each eligible ~~member's~~ participant's benefit, as determined under subdivision  
18.22 5, paragraph (a), clause (2), shall be increased by the ~~member's~~ participant's share of the  
18.23 surplus. The board of trustees shall determine eligibility to share in the surplus, which may  
18.24 include ~~any of the following, in addition to firefighters active as of the date on which~~  
18.25 ~~members became 100 percent vested: (1) inactive firefighters; (2) former firefighters with~~  
18.26 ~~a deferred benefit under the retirement plan; and (3) retirees in pay status~~ all participants  
18.27 ~~and any other firefighters~~ former participants who, within the last three years or such other  
18.28 number of years as determined by the board of trustees, separated from active service and  
18.29 ~~(i) received their retirement benefit, or (ii) began to receive distribution of a retirement~~  
18.30 ~~benefit in installments or as a monthly pension.~~

18.31 If the board of trustees decides to include ~~the individuals described in clause (3)~~ former  
18.32 participants in the allocation of the surplus, the board of trustees shall modify the method  
18.33 for allocating the surplus to take into account ~~such individuals~~ the former participants.

19.1 (e) Any amount of surplus transferred to the affiliated municipality under this subdivision  
19.2 may only be used for the purposes described in section 424A.08, paragraph (a) or (b).

19.3 Sec. 31. Minnesota Statutes 2020, section 424B.22, subdivision 8, is amended to read:

19.4 Subd. 8. **Immediate distribution of retirement benefits and payment of all other**  
19.5 **obligations.** (a) The board of trustees shall liquidate the assets of the special fund and pay  
19.6 retirement benefits and administrative expenses under the retirement plan within 210 days  
19.7 after the effective date of the termination of the retirement plan.

19.8 (b) If the retirement plan is a defined benefit plan that pays lump-sum benefits or a  
19.9 defined contribution plan, without regard to whether the ~~member~~ participant has attained  
19.10 age 50, each ~~member~~ participant and other benefit recipient shall be permitted to elect an  
19.11 immediate distribution or a direct rollover of the ~~member's~~ participant's benefit to an eligible  
19.12 retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the benefit is an  
19.13 eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5.

19.14 (c) If the retirement plan is a defined benefit plan that pays monthly pension benefits,  
19.15 the board of trustees shall, at the election of the ~~member~~ participant or other benefit recipient,  
19.16 purchase an annuity contract under section 424A.015, subdivision 3, naming the ~~member~~  
19.17 participant or other benefit recipient, as applicable, as the insured or distribute a lump-sum  
19.18 amount that is equal to the present value of the monthly pension benefits to which the  
19.19 ~~member~~ participant or other benefit recipient is entitled. If an annuity is elected by the  
19.20 ~~member~~ participant or other benefit recipient, the annuity shall provide for commencement  
19.21 at a date elected by the insured, to be paid as an annuity for the life of the insured. Legal  
19.22 title to the annuity contract shall be transferred to the insured. If a lump sum is elected, the  
19.23 option under paragraph (b) to take an immediate distribution or a direct rollover shall apply.

19.24 (d) The board of trustees shall complete the distribution of all assets of the special fund  
19.25 by making any remaining distributions or transfers as required under subdivision 9 on behalf  
19.26 of ~~members~~ participants or other benefit recipients who cannot be located or are unresponsive  
19.27 and paying any remaining administrative expenses related to the termination of the plan.

19.28 Sec. 32. Minnesota Statutes 2020, section 424B.22, subdivision 9, is amended to read:

19.29 Subd. 9. **Missing ~~members~~ participants.** (a) For purposes of this subdivision, the terms  
19.30 defined in this subdivision have the meanings given them.

19.31 (b) "Retirement benefit" means:

20.1 (1) the ~~member's~~ participant's account balance if the retirement plan is a defined  
20.2 contribution plan;

20.3 (2) the ~~member's~~ participant's lump-sum benefit if the retirement plan is a defined benefit  
20.4 plan that pays a lump sum; or

20.5 (3) an amount equal to the present value of the ~~member's~~ participant's benefit if the  
20.6 retirement plan is a defined benefit plan that pays a monthly annuity.

20.7 (c) "Individual retirement account" means an account that satisfies the requirements of  
20.8 section 408(a) of the Internal Revenue Code which is established by an officer of the relief  
20.9 association in the name of the ~~member~~ participant or other benefit recipient at a federally  
20.10 insured financial institution.

20.11 (d) If the board of trustees cannot locate a ~~member~~ participant or other benefit recipient  
20.12 ~~or receives no response to an offer to distribute a retirement benefit~~, the board of trustees  
20.13 shall make a diligent effort to obtain a current address or other contact information as  
20.14 follows:

20.15 (1) send a notice to the address on file for the ~~member~~ participant or other benefit recipient  
20.16 using certified mail;

20.17 (2) check with the Minnesota State Fire Department Association, the municipality, and  
20.18 any other employer of the ~~member~~ participant;

20.19 (3) check with the ~~member's~~ participant's designated beneficiary on file with the relief  
20.20 association; and

20.21 (4) use one or more of the Internet search tools that are free of charge.

20.22 (e) ~~If the board of trustees is unable to locate the member or other benefit recipient after~~  
20.23 ~~taking the actions described in paragraph (d)~~, The board of trustees shall transfer the  
20.24 retirement benefit to an individual retirement account or consider the retirement benefit  
20.25 abandoned and deposit funds in the amount of the retirement benefit with the commissioner  
20.26 of commerce under chapter 345. ~~The board of trustees may deposit a retirement benefit with~~  
20.27 ~~the commissioner of commerce under chapter 345~~, notwithstanding any laws to the contrary,  
20.28 including section 345.381, if the board of trustees is unable to locate the participant or other  
20.29 benefit recipient after taking the actions described in paragraph (d) or the participant or  
20.30 other benefit recipient does not elect to receive or rollover a retirement benefit to which the  
20.31 participant or other benefit recipient is entitled.

21.1 Sec. 33. Minnesota Statutes 2020, section 424B.22, subdivision 10, is amended to read:

21.2 Subd. 10. **Supplemental benefits.** Within 60 days after the distribution of benefits under  
 21.3 subdivision 8, the municipality or ~~independent nonprofit~~ firefighting corporation with which  
 21.4 the fire department is affiliated shall pay supplemental benefits under section 424A.10 to  
 21.5 each ~~member~~ participant and survivor who satisfies the requirements of section 424A.10,  
 21.6 subdivision 2, if the ~~member~~ participant is at least age 50. The commissioner of revenue  
 21.7 shall reimburse the municipality or independent nonprofit firefighting corporation for all  
 21.8 supplemental benefits paid as provided in section 424A.10, subdivision 3.

21.9 Sec. 34. Minnesota Statutes 2020, section 477B.01, subdivision 1, is amended to read:

21.10 Subdivision 1. **Scope.** Unless the language or context clearly indicates that a different  
 21.11 meaning is intended, the following words and terms, for the purposes of this chapter and  
 21.12 chapters 423A and 424A, have the meanings given to them. The following definitions shall  
 21.13 also apply for the purpose of chapter 424A, unless the word or term is defined in chapter  
 21.14 424A, in which case such word or term shall be as defined in chapter 424A, for the purpose  
 21.15 of chapter 424A.

21.16 Sec. 35. **REVISOR'S INSTRUCTION.**

21.17 The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in  
 21.18 column A to the references listed in column B, using the subdivision heading listed in  
 21.19 column C. The revisor of statutes may alter the renumbering to incorporate statutory changes  
 21.20 made during the 2021 legislative session. The revisor shall also make necessary  
 21.21 cross-reference changes in Minnesota Statutes consistent with the renumbering in this  
 21.22 instruction.

21.23	<u>Column A</u>	<u>Column B</u>	<u>Column C</u>
21.24	<u>424A.02, subd. 3,</u>	<u>424A.02, subd. 2a,</u>	<u>Average amount of available</u>
21.25	<u>paragraphs (a) to (b)</u>	<u>paragraphs (a) to (b)</u>	<u>financing.</u>
21.26	<u>424A.02, subd. 3,</u>		
21.27	<u>paragraph (c)</u>	<u>424A.02, subd. 2b</u>	<u>Maximum monthly amount.</u>
21.28	<u>424A.02, subd. 3,</u>		
21.29	<u>paragraph (d)</u>	<u>424A.02, subd. 2c</u>	<u>Maximum lump-sum amount.</u>
21.30	<u>424A.02, subd. 3,</u>	<u>424A.02, subd. 3,</u>	<u>Determining the maximum pension</u>
21.31	<u>paragraphs (e) to (h)</u>	<u>paragraphs (a) to (d)</u>	<u>benefit.</u>

21.32 Sec. 36. **EFFECTIVE DATE.**

21.33 Sections 1 to 35 are effective the day following final enactment."

- 22.1 Renumber the articles in sequence
- 22.2 Amend the title accordingly