

**DRAFT ENGROSSMENT OF SF3402; HF3777  
with AMENDMENT S3402-1A**

- 1.1 A bill for an act
- 1.2 relating to retirement; Public Employees Retirement Association; statewide
- 1.3 volunteer firefighter plan; adding vesting alternatives; removing the alternative
- 1.4 pension for members with less than five years of service credit under the retirement
- 1.5 plan; clarifying procedures for joining the retirement plan; amending Minnesota
- 1.6 Statutes 2020, sections 353G.01, subdivisions 7, 9a; 353G.05, subdivisions 1, 2,
- 1.7 3, by adding a subdivision; 353G.09, subdivisions 1, 2; repealing Minnesota Statutes
- 1.8 2020, section 353G.09, subdivision 3.
- 1.9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.10 Section 1. Minnesota Statutes 2020, section 353G.01, subdivision 7, is amended to read:
- 1.11 Subd. 7. **Good-time Service credit.** "~~Good-time~~ Service credit" means the length of
- 1.12 service credit for an active firefighter that is reported by the applicable fire chief based on
- 1.13 the minimum firefighter activity standards of the fire department. The credit may be reported
- 1.14 on an annual or monthly basis.
- 1.15 Sec. 2. Minnesota Statutes 2020, section 353G.01, subdivision 9a, is amended to read:
- 1.16 Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief
- 1.17 association established under chapter 424A, including a volunteer firefighter relief association
- 1.18 to which records, assets, and liabilities related to lump-sum or monthly benefits for active
- 1.19 and former firefighters will be transferred from the retirement fund upon satisfaction of the
- 1.20 requirements of section 353G.17.
- 1.21 Sec. 3. Minnesota Statutes 2020, section 353G.05, subdivision 1, is amended to read:
- 1.22 Subdivision 1. **Entities eligible to request coverage.** (a) A relief association or a
- 1.23 municipality or independent nonprofit firefighting corporation affiliated with a relief

2.1 association may elect to have its volunteer firefighters covered by the lump-sum retirement  
2.2 division, if the volunteer firefighters for whom coverage is being requested are covered by  
2.3 a relief association that is a lump-sum defined benefit relief association or a defined  
2.4 contribution relief association governed by chapter 424A.

2.5 (b) A relief association or a municipality or independent nonprofit firefighting corporation  
2.6 affiliated with a relief association may elect to have its volunteer firefighters covered by  
2.7 the lump-sum retirement division or the monthly benefit retirement division of the retirement  
2.8 plan, if the volunteer firefighters for whom coverage is being requested are covered by a  
2.9 relief association that is a monthly benefit defined benefit relief association governed by  
2.10 chapter 424A.

2.11 ~~(b)~~ (c) A municipality or independent nonprofit firefighting corporation that is not  
2.12 affiliated with a relief association may elect to have its volunteer firefighters covered by  
2.13 the lump-sum retirement division of the retirement plan.

2.14 Sec. 4. Minnesota Statutes 2020, section 353G.05, is amended by adding a subdivision to  
2.15 read:

2.16 Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to  
2.17 make a request for coverage may initiate the process of obtaining coverage by filing a request  
2.18 with the executive director, as described in this subdivision.

2.19 (b) The request for coverage must be in writing and on a form prescribed by the executive  
2.20 director.

2.21 (c) In the request for coverage, the entity must identify the desired service pension  
2.22 amount and select a vesting schedule from the following options:

2.23 (1) incremental vesting beginning with 40 percent vested after completing five years of  
2.24 active service and increasing by four percent upon completion of each additional year of  
2.25 active service, until 100 percent vested upon completion of 20 years of active service;

2.26 (2) incremental vesting beginning with 40 percent vested after completing five years of  
2.27 active service and increasing by 12 percent upon completion of each additional year of  
2.28 active service, until 100 percent vested upon completion of 10 years of active service; or

2.29 (3) incremental vesting beginning with 40 percent vested after completing 10 years of  
2.30 active service and increasing by six percent upon completion of each additional year of  
2.31 active service, until 100 percent vested upon completion of 20 years of active service.

3.1 The entity must not select a vesting schedule that requires more years of service to  
3.2 become partially or fully vested than the vesting schedule in effect under the former affiliated  
3.3 relief association, if any.

3.4 (d) If the request for coverage is for volunteer firefighters covered by a monthly benefit  
3.5 defined benefit relief association, the entity making the request must elect coverage either  
3.6 by the monthly benefit retirement division or by the lump-sum retirement division.

3.7 (e) If the request for coverage is for volunteer firefighters covered by a relief association  
3.8 that provides both a monthly benefit and a lump sum benefit, the entity making the request  
3.9 must elect coverage by the monthly benefit retirement division, the lump-sum retirement  
3.10 division, or by both divisions.

3.11 (f) If the request for coverage is for volunteer firefighters covered by a relief association  
3.12 with a retirement plan governed by chapter 424A, the secretary of the relief association,  
3.13 following approval of the request by the board of the relief association, and the chief  
3.14 administrative officer of the entity affiliated with the relief association, following approval  
3.15 of the request by the governing body of the entity, must jointly make the request. If the  
3.16 relief association is affiliated with more than one entity, the chief administrative officer of  
3.17 each affiliated entity must execute the request.

3.18 (g) If the request for coverage is for volunteer firefighters who are not covered by a  
3.19 relief association, the chief administrative officer of the entity operating the fire department  
3.20 must make the request.

3.21 Sec. 5. Minnesota Statutes 2020, section 353G.05, subdivision 2, is amended to read:

3.22 Subd. 2. ~~Election of coverage;~~ Cost analysis for coverage by the lump sum  
3.23 division. (a) ~~The process for electing coverage of volunteer firefighters by the lump-sum~~  
3.24 ~~retirement division is initiated by a request to the executive director for a cost analysis of~~  
3.25 ~~the prospective retirement coverage under the lump-sum retirement division. Upon receipt~~  
3.26 ~~of a request for coverage by the lump-sum division, the executive director must prepare a~~  
3.27 cost analysis as described in this subdivision.

3.28 ~~(b) If the volunteer firefighters are currently covered by a lump-sum volunteer firefighter~~  
3.29 ~~relief association or a defined-contribution volunteer firefighter relief association governed~~  
3.30 ~~by chapter 424A, the cost analysis of the prospective retirement coverage must be requested~~  
3.31 ~~jointly by the secretary of the volunteer firefighter relief association, following approval of~~  
3.32 ~~the request by the board of the volunteer firefighter relief association, and the chief~~  
3.33 ~~administrative officer of the entity associated with the relief association, following approval~~

4.1 ~~of the request by the governing body of the entity associated with the relief association. If~~  
4.2 ~~the relief association is associated with more than one entity, the chief administrative officer~~  
4.3 ~~of each associated entity must execute the request. If the volunteer firefighters are not~~  
4.4 ~~currently covered by a volunteer firefighter relief association, the cost analysis of the~~  
4.5 ~~prospective retirement coverage must be requested by the chief administrative officer of~~  
4.6 ~~the entity operating the fire department. The request must be made in writing and must be~~  
4.7 ~~made on a form prescribed by the executive director.~~

4.8 ~~(e) (b)~~ The cost analysis of the prospective retirement coverage by the lump-sum  
4.9 ~~retirement division of the statewide retirement plan under this subdivision must be based~~  
4.10 ~~on:~~

4.11 ~~(1)~~ the service pension amount under section 353G.11 closest to the service pension  
4.12 amount provided by the ~~volunteer firefighter~~ relief association if the relief association is a  
4.13 lump-sum defined benefit plan, ~~or the~~ an amount that is equal to 95 percent of the most  
4.14 current average account balance per relief association member if the relief association is a  
4.15 defined contribution plan, ~~or to~~ the lowest service pension amount under section 353G.11  
4.16 if there is no ~~volunteer firefighter~~ relief association, rounded up; ~~and any other~~

4.17 ~~(2)~~ if different than the amount under clause (1), the service pension amount designated  
4.18 ~~by the requester or requesters identified in the request under subdivision 1a.~~

4.19 ~~(c)~~ The cost analysis must take into account the vesting option selected in the request  
4.20 under subdivision 1a.

4.21 ~~(d)~~ The cost analysis must be prepared using a mathematical procedure certified as  
4.22 accurate by an approved actuary retained by the Public Employees Retirement Association.

4.23 ~~(d) (e)~~ If the request for coverage was made by a cost analysis is requested and a volunteer  
4.24 firefighters relief association exists that has filed the information required under section  
4.25 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall  
4.26 provide the most recent data available on the financial condition of the ~~volunteer firefighter~~  
4.27 relief association, the most recent firefighter demographic data available, and a copy of the  
4.28 current relief association bylaws. If a cost analysis is requested, but no ~~volunteer firefighter~~  
4.29 relief association exists, the chief administrative officer of the entity operating the fire  
4.30 department shall provide the demographic information on the volunteer firefighters serving  
4.31 as members of the fire department requested by the executive director.

5.1 Sec. 6. Minnesota Statutes 2020, section 353G.05, subdivision 3, is amended to read:

5.2 Subd. 3. ~~Election of coverage; Cost analysis for coverage by the monthly benefit~~  
5.3 ~~retirement division.~~ (a) The process for electing coverage of volunteer firefighters by the  
5.4 monthly retirement division is initiated by a request to the executive director for an actuarial  
5.5 cost analysis of the prospective retirement coverage under the monthly benefit retirement  
5.6 division. This request must be made by the secretary of the volunteer firefighter relief  
5.7 association and the chief administrative officer of the entity associated with the relief  
5.8 association, both of which must first obtain approval of the request from their respective  
5.9 municipal governing body or independent nonprofit firefighting corporation. The request  
5.10 must be made in writing and must be made on a form prescribed by the executive director.

5.11 ~~(b) Coverage by the monthly benefit retirement division may only be elected if the~~  
5.12 ~~volunteer firefighters are covered by a monthly benefit volunteer firefighter relief association~~  
5.13 ~~governed by chapter 424A.~~

5.14 ~~(e)~~ (a) Upon receipt of a request for coverage by the monthly benefit retirement division,  
5.15 the executive director must prepare a cost analysis as described in this subdivision.

5.16 (b) The cost analysis under paragraph (a) this subdivision must be prepared by the  
5.17 approved actuary retained by the Public Employees Retirement Association. The cost  
5.18 analysis must be based on:

5.19 (1) the monthly service pension amount and other retirement benefit types and amounts  
5.20 in effect for the volunteer firefighter relief association as of the date of the request and any  
5.21 other;

5.22 (2) if different than the amount or amounts designated by the requesters, as disclosed  
5.23 under clause (1), the monthly pension amount identified in the request under subdivision  
5.24 1a and evaluated in a special actuarial valuation prepared under sections 356.215 and  
5.25 356.216; and

5.26 ~~(2)~~ (3) the standards for actuarial work; and the actuarial assumptions utilized in the  
5.27 most recent prior actuarial valuation, except that the applicable investment return actuarial  
5.28 assumption is six percent.

5.29 (c) The cost analysis must take into account the vesting option selected in the request  
5.30 under subdivision 1a.

5.31 (d) The secretary of the volunteer firefighter relief association making the request must  
5.32 supply the demographic and financial data necessary for the cost analysis to be prepared.

6.1 Sec. 7. Minnesota Statutes 2020, section 353G.09, subdivision 1, is amended to read:

6.2 Subdivision 1. **Entitlement.** ~~Except as provided in subdivision 3, An active~~ (a) A member  
6.3 of the retirement plan is entitled to a service pension from the retirement plan if the ~~person~~  
6.4 member:

6.5 (1) has separated from active service with the fire department for at least 30 days;

6.6 (2) has attained the age of at least 50 years;

6.7 (3) ~~has completed at least five years of good time service credit as a member of the~~  
6.8 ~~retirement plan if the person is a member of the lump-sum retirement division has completed~~  
6.9 ~~at least the minimum number of years of good time service credit as a member of the~~  
6.10 ~~retirement plan specified in the retirement benefit plan document attributable to the applicable~~  
6.11 ~~fire department if the person is a member of the monthly benefit retirement division~~ satisfied  
6.12 the minimum service requirement in paragraph (b); and

6.13 (4) applies in a manner prescribed by the executive director for the service pension.

6.14 (b) A member satisfies the minimum service requirement if the member meets at least  
6.15 one of the following requirements:

6.16 (1) the member is at least 40 percent vested based on years of service as a member of  
6.17 the retirement plan;

6.18 (2) the member is at least 40 percent vested based on years of service with the fire  
6.19 department and the total number of years of service as a member of the former affiliated  
6.20 relief association plus years of service as a member of the retirement plan is at least five;  
6.21 or

6.22 (3) the member has completed at least the minimum number of years of service as a  
6.23 member of the retirement plan specified in the retirement benefit plan document attributable  
6.24 to the applicable fire department if the person is a member of the monthly benefit retirement  
6.25 division.

6.26 Sec. 8. Minnesota Statutes 2020, section 353G.09, subdivision 2, is amended to read:

6.27 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) ~~If~~ Except  
6.28 as provided in paragraphs (c) and (d), an active member of the lump-sum retirement division  
6.29 ~~has completed less than 20 years of good time service credit as a member of the lump-sum~~  
6.30 ~~retirement division of the plan, the person's entitlement~~ is entitled to a service pension is  
6.31 equal to the nonforfeitable percentage of the applicable service pension amount, taking into

7.1 account years of service as a member of the retirement plan plus years of service as a member  
 7.2 of the former affiliated relief association, if any, as follows:

7.3	Completed years of <del>good time</del> service credit	Nonforfeitable percentage of the service pension
7.4		
7.5	<u>less than 5</u>	<u>0 percent</u>
7.6	5	40 percent
7.7	6	44 percent
7.8	7	48 percent
7.9	8	52 percent
7.10	9	56 percent
7.11	10	60 percent
7.12	11	64 percent
7.13	12	68 percent
7.14	13	72 percent
7.15	14	76 percent
7.16	15	80 percent
7.17	16	84 percent
7.18	17	88 percent
7.19	18	92 percent
7.20	19	96 percent

7.21 (b) If an active member of the monthly benefit retirement division has completed less  
 7.22 than 20 years of ~~good time~~ service credit as a member of the monthly benefit retirement  
 7.23 division of the plan, the person's entitlement to a service pension must be governed by the  
 7.24 retirement benefit plan document attributable to the applicable fire department.

7.25 (c) A person described in paragraph (d) is entitled to the vested portion of the service  
 7.26 pension as determined by applying the vesting schedule selected in the request for coverage  
 7.27 under section 353G.05, subdivision 1a, taking into account years of service as a member  
 7.28 of the retirement plan plus years of service as a member of the former affiliated relief  
 7.29 association, if any.

7.30 (d) A person is described in this paragraph if the person becomes a member of the  
 7.31 lump-sum retirement division in connection with the transfer of coverage from a relief  
 7.32 association to the retirement plan on or after January 1, 2023, or in connection with a  
 7.33 municipality or independent nonprofit firefighting corporation joining the retirement plan  
 7.34 on or after January 1, 2023.

8.1 Sec. 9. **REVISOR INSTRUCTION.**

8.2 In Minnesota Statutes, chapter 353G, the revisor of statutes shall change the term "good  
8.3 time service" to the term "service."

8.4 Sec. 10. **REPEALER.**

8.5 Minnesota Statutes 2020, section 353G.09, subdivision 3, is repealed.

8.6 Sec. 11. **EFFECTIVE DATE.**

8.7 Sections 1 to 10 are effective January 1, 2023.