

1.1 moves to amend S.F. No. 3540; H.F. No. 4017, the delete-everything
1.2 amendment S3540-DE1, as follows:

1.3 Page ..., after line ..., insert:

1.4 **"ARTICLE 1**

1.5 **TECHNICAL CLARIFICATIONS AND CORRECTIONS**

1.6 Section 1. Minnesota Statutes 2020, section 352.87, subdivision 6, is amended to read:

1.7 Subd. 6. **Disability benefit coordination.** If the eligible employee is entitled to receive
1.8 a disability benefit as provided in subdivision 4 or 5 and has allowable service credit under
1.9 this section for less service than the length of service upon which the disability benefit in
1.10 subdivision 4 or 5 is based, and also has allowable service in the general plan not includable
1.11 in this section, the employee is entitled to a disability benefit or deferred retirement annuity
1.12 based on the general plan service not includable in this section only for the service that,
1.13 when combined with the service includable in this section, exceeds the number of years on
1.14 which the disability benefit provided in subdivision 4 or 5 is based. The benefit recipient
1.15 under subdivision 4 or 5 who also has credit for regular plan service must in all respects
1.16 qualify under section 352.113 to be entitled to receive a disability benefit based on the
1.17 general plan service not includable in this section, except that the service may be combined
1.18 to satisfy length of service requirements. Any deferred annuity to which the employee may
1.19 be entitled based on general plan service not includable in this section must be augmented
1.20 as provided in section ~~352.72, subdivision 2~~ 352.22, subdivision 3a, while the employee is
1.21 receiving a disability benefit under this section.

1.22 Sec. 2. Minnesota Statutes 2020, section 352.94, is amended to read:

1.23 **352.94 AUGMENTATION FOR EMPLOYEES WITH GENERAL AND**
1.24 **CORRECTIONAL SERVICE.**

1.25 An employee who becomes covered by the correctional plan after serving as a general
1.26 plan covered employee, or becomes covered by the general plan after serving as a correctional
1.27 plan covered employee, is covered under section ~~352.72, subdivision 2~~ 356.311.

1.28 Sec. 3. Minnesota Statutes 2020, section 352.95, subdivision 6, is amended to read:

1.29 Subd. 6. **Disability benefit for certain employees with regular plan service.** If the
1.30 employee is entitled to receive a disability benefit as provided in subdivision 1 or 2 and has
1.31 credit for less covered correctional service than the length of service upon which the
1.32 correctional disability benefit is based, and also has credit for regular plan service, the

2.1 employee is entitled to a disability benefit or deferred retirement annuity based on the regular
2.2 plan service only for that service which when combined with the correctional service exceeds
2.3 number of years on which the correctional disability benefit is based. The disabled employee
2.4 who also has credit for regular plan service must in all respects qualify under section 352.113
2.5 for a disability benefit based on the regular plan service, except that the service may be
2.6 combined to satisfy length of service requirements. Any deferred annuity to which the
2.7 employee is entitled based on regular plan service must be augmented as provided in section
2.8 ~~352.72~~ 352.22, subdivision 3a, while the employee is receiving a disability benefit under
2.9 this section.

2.10 Sec. 4. Minnesota Statutes 2020, section 352B.05, is amended to read:

2.11 **352B.05 INVESTMENTS.**

2.12 The State Board of Investment may invest and reinvest any portions of the State Patrol
2.13 retirement fund not needed for immediate purposes. The executive director of the Minnesota
2.14 State Retirement System shall determine what funds may be invested. Money may be
2.15 invested in securities authorized as legal investments for the Minnesota State Retirement
2.16 System. The state board may sell, convey, and exchange securities and invest and reinvest
2.17 the funds when it deems it desirable to do so. The state board shall sell securities upon
2.18 request from the executive director when the executive director determines funds are needed
2.19 for its purposes. Provisions regarding accounting procedures and restrictions and conditions
2.20 for the purchase and sale of securities for the Minnesota State Retirement System apply to
2.21 the accounting, purchase, and sale of securities for the State Patrol retirement fund.

2.22 Sec. 5. Minnesota Statutes 2020, section 353.031, subdivision 7, is amended to read:

2.23 Subd. 7. **Refusal of examination or medical evidence.** If a person applying for or
2.24 receiving a disability benefit refuses to submit to a medical examination under subdivision
2.25 6, or fails to provide or to authorize the release of medical evidence under subdivision 3 or
2.26 8, the association shall cease the application process or shall discontinue the payment of a
2.27 disability benefit, whichever is applicable. Upon the receipt of the requested medical
2.28 evidence, the association shall resume the application process or the payment of a disability
2.29 benefit upon approval for the continuation, whichever is applicable.

2.30 Sec. 6. Minnesota Statutes 2020, section 353.32, subdivision 1a, is amended to read:

2.31 Subd. 1a. **Surviving spouse optional annuity.** (a) If a member or former member who
2.32 is vested under section 353.01, subdivision 47, and who dies before the annuity or disability

3.1 benefit begins to accrue under section 353.29, subdivision 7, or 353.33, subdivision 2,
3.2 notwithstanding any designation of beneficiary to the contrary, the surviving spouse may
3.3 elect to receive, instead of a refund with interest under subdivision 1, or surviving spouse
3.4 benefits otherwise payable under section 353.31, an annuity equal to a 100 percent joint
3.5 and survivor annuity computed consistent with section 353.30, subdivision 1a, 1c, or 5,
3.6 whichever is applicable.

3.7 (b) If a member first became a public employee or a member of a pension fund listed in
3.8 section 356.30, subdivision 3, before July 1, 1989, and has credit for at least 30 years of
3.9 allowable service on the date of death, the surviving spouse may elect to receive a 100
3.10 percent joint and survivor annuity computed using section 353.30, subdivision 1b, except
3.11 that the early retirement reduction under that provision will be applied from age 62 back to
3.12 age 55 and one-half of the early retirement reduction from age 55 back to the age payment
3.13 begins.

3.14 (c) If a member who was under age 55 and who is vested under section 353.01,
3.15 subdivision 47, dies, but did not qualify for retirement on the date of death, the surviving
3.16 spouse may elect to receive a 100 percent joint and survivor annuity computed using section
3.17 353.30, subdivision 1c or 5, as applicable, except that the early retirement reduction specified
3.18 in the applicable subdivision will be applied to age 55 and one-half of the early retirement
3.19 reduction from age 55 back to the age payment begins.

3.20 (d) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
3.21 20, a former spouse of the member, if any, is entitled to a portion of the monthly surviving
3.22 spouse optional annuity if stipulated under the terms of a marriage dissolution decree filed
3.23 with the association. If there is no surviving spouse or child or children, a former spouse
3.24 may be entitled to a lump-sum refund payment under subdivision 1, if provided for in a
3.25 marriage dissolution decree, but not a monthly surviving spouse optional annuity, despite
3.26 the terms of a marriage dissolution decree filed with the association.

3.27 (e) The surviving spouse eligible for surviving spouse benefits under paragraph (a) may
3.28 apply for the annuity at any time after the date on which the deceased employee would have
3.29 attained the required age for retirement based on the employee's allowable service. The
3.30 surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply
3.31 for an annuity any time after the member's death.

3.32 (f) ~~Sections~~Section 353.34, subdivision 3, ~~and 353.71, subdivision 2, apply~~ applies to
3.33 a deferred annuity or surviving spouse benefit payable under this subdivision.

4.1 (g) An amount equal to any excess of the accumulated contributions that were credited
4.2 to the account of the deceased employee over and above the total of the annuities paid and
4.3 payable to the surviving spouse must be paid to the surviving spouse's estate.

4.4 (h) A member may specify in writing, with the signed consent of the spouse, that this
4.5 subdivision does not apply and that payment may be made only to the designated beneficiary
4.6 as otherwise provided by this chapter. The waiver of a surviving spouse annuity under this
4.7 section does not make a dependent child eligible for benefits under subdivision 1c.

4.8 (i) If the deceased member or former member first became a public employee or a
4.9 member of a public pension plan listed in section 356.30, subdivision 3, on or after July 1,
4.10 1989, a survivor annuity computed under paragraph (a) or (c) must be computed as specified
4.11 in section 353.30, subdivision 5, except for the revised early retirement reduction specified
4.12 in paragraph (c), if paragraph (c) is the applicable provision.

4.13 (j) For any survivor annuity determined under this subdivision, the payment is to be
4.14 based on the total allowable service that the member had accrued as of the date of death
4.15 and the age of the member and surviving spouse on that date.

4.16 Sec. 7. Minnesota Statutes 2020, section 353.34, subdivision 5, is amended to read:

4.17 Subd. 5. ~~Refundment~~ **Right to a refund generally unlimited.** The right of refundment
4.18 to a refund provided in this chapter, and laws amendatory thereof, is not restricted as to
4.19 time unless specifically provided and the statute of limitation does not apply thereto.

4.20 Sec. 8. Minnesota Statutes 2020, section 353.657, subdivision 2a, is amended to read:

4.21 Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member
4.22 who has attained the age of at least 50 years and either who is vested under section 353.01,
4.23 subdivision 47, or who has credit for at least 30 years of allowable service, regardless of
4.24 age attained, dies before the annuity or disability benefit becomes payable, notwithstanding
4.25 any designation of beneficiary to the contrary, the surviving spouse may elect to receive a
4.26 death while eligible survivor benefit.

4.27 (b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision
4.28 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible
4.29 survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the
4.30 association. If there is no surviving spouse or child or children, a former spouse may be
4.31 entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for

5.1 in a marriage dissolution decree but not a death while eligible survivor benefit despite the
5.2 terms of a marriage dissolution decree filed with the association.

5.3 (c) The benefit may be elected instead of a refund with interest under section 353.32,
5.4 subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2.
5.5 The benefit must be an annuity equal to the 100 percent joint and survivor annuity which
5.6 the member could have qualified for on the date of death, computed as provided in sections
5.7 353.651, subdivision 3, and 353.30, subdivision 3.

5.8 (d) The surviving spouse may apply for the annuity at any time after the date on which
5.9 the deceased employee would have attained the required age for retirement based on the
5.10 employee's allowable service. ~~Sections~~ Section 353.34, subdivision 3, ~~and 353.71, subdivision~~
5.11 ~~2, apply~~ applies to a deferred annuity payable under this subdivision.

5.12 (e) No payment accrues beyond the end of the month in which entitlement to such annuity
5.13 has terminated. An amount equal to the excess, if any, of the accumulated contributions
5.14 which were credited to the account of the deceased employee over and above the total of
5.15 the annuities paid and payable to the surviving spouse must be paid to the deceased member's
5.16 last designated beneficiary or, if none, to the legal representative of the estate of such
5.17 deceased member.

5.18 (f) Any member may request in writing, with the signed consent of the spouse, that this
5.19 subdivision not apply and that payment be made only to the designated beneficiary, as
5.20 otherwise provided by this chapter.

5.21 (g) For a member who is employed as a full-time firefighter by the Department of Military
5.22 Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs
5.23 Department firefighter credited by the Minnesota State Retirement System may be used in
5.24 meeting the minimum allowable service requirement of this subdivision.

5.25 Sec. 9. Minnesota Statutes 2020, section 353.68, subdivision 4, is amended to read:

5.26 Subd. 4. **Deferred annuity.** The deferred annuity of section 353.34, subdivision 3, as
5.27 it applies to members of the police and fire fund, begins and is computed in the manner
5.28 provided in section 353.651 on the basis of the law in effect on the date of termination of
5.29 public service. The deferred annuity is augmented under section ~~353.71, subdivision 2~~
5.30 353.34, subdivision 3.

6.1 Sec. 10. Minnesota Statutes 2020, section 356.20, subdivision 2, is amended to read:

6.2 Subd. 2. **Covered public pension plans and funds.** This section applies to the following
6.3 public pension plans:

6.4 (1) the general state employees retirement plan of the Minnesota State Retirement System;

6.5 (2) the general employees retirement plan of the Public Employees Retirement
6.6 Association;

6.7 (3) the Teachers Retirement Association;

6.8 (4) the State Patrol retirement plan;

6.9 (5) the St. Paul Teachers Retirement Fund Association;

6.10 (6) the University of Minnesota faculty retirement plan;

6.11 (7) the University of Minnesota faculty supplemental retirement plan;

6.12 (8) the judges retirement fund;

6.13 (9) the Bloomington Fire Department Relief Association;

6.14 (10) a volunteer firefighter relief association governed by section 424A.091;

6.15 (11) the public employees police and fire plan of the Public Employees Retirement
6.16 Association;

6.17 (12) the correctional state employees retirement plan of the Minnesota State Retirement
6.18 System;

6.19 (13) the local government correctional service retirement plan of the Public Employees
6.20 Retirement Association; and

6.21 (14) the statewide-lump-sum volunteer firefighter plan.

6.22 Sec. 11. Minnesota Statutes 2020, section 356.24, subdivision 3, is amended to read:

6.23 Subd. 3. **Deferred compensation plan.** (a) As used in this section, ~~a~~:

6.24 (1) "deferred compensation plan" means a plan that satisfies the requirements ~~in~~ of this
6.25 subdivision;

6.26 (2) "plan administrator" means the individual or entity defined as the plan administrator
6.27 in the plan document for the Minnesota deferred compensation plan under section 352.965
6.28 or a deferred compensation plan under section 457(b) of the Internal Revenue Code; and

7.1 (3) "vendor" means the provider of an annuity contract, custodial account, or retirement
7.2 income account under a tax-sheltered annuity plan under section 403(b) of the Internal
7.3 Revenue Code.

7.4 (b) The plan is:

7.5 (1) the Minnesota deferred compensation plan under section 352.965;

7.6 (2) a tax-sheltered annuity ~~program~~ plan under section 403(b) of the Internal Revenue
7.7 Code; or

7.8 (3) a deferred compensation plan under section 457(b) of the Internal Revenue Code.

7.9 (c) For each investment fund available to participants under the plan, other than in a
7.10 self-directed brokerage account, the plan administrator or ~~custodian~~ vendor discloses at
7.11 least annually to participants a statement that sets forth (1) all fees, including administrative,
7.12 maintenance, and investment fees, that impact the rate of return on each investment fund
7.13 available under the plan, and (2) ~~for each investment fund,~~ the rates of return for the prior
7.14 one-, three-, five-, and ten-year periods or for the life of the fund, if shorter, in an easily
7.15 understandable document. The plan administrator or ~~custodian~~ vendor must file a copy of
7.16 ~~this document~~ statement with the executive director of the Legislative Commission on
7.17 Pensions and Retirement within 30 days of the end of each fiscal year of the plan.

7.18 (d) Enrollment in the plan is provided for in:

7.19 (1) a personnel policy of the public employer;

7.20 (2) a collective bargaining agreement between the public employer and the exclusive
7.21 representative of public employees in an appropriate unit; or

7.22 (3) an individual employment contract between a city and a city manager.

7.23 (e) The plan covers employees of a school district, state agency, or other governmental
7.24 subdivision. The plan may cover city managers covered by an alternative retirement
7.25 arrangement under section 353.028, subdivision 3, paragraph (a) or (b), but must not cover
7.26 employees of the Board of Trustees of Minnesota State Colleges and Universities who are
7.27 covered by the Higher Education Supplemental Retirement Plan under chapter 354C.

7.28 (f) Except as permitted under paragraph (g), public funds are contributed to the plan
7.29 only in an amount that matches employee contributions on a dollar for dollar basis, but not
7.30 to exceed the lesser of (1) the maximum authorized under the policy described in paragraph
7.31 (d) that provides for enrollment in the plan or program, or (2) one-half of the annual limit
7.32 on elective deferrals under section 402(g) of the Internal Revenue Code.

8.1 (g) Contributions to the plan may include contributions deducted from an employee's
8.2 sick leave, accumulated vacation leave, or accumulated severance pay, whether characterized
8.3 as employee contributions or non-elective employer contributions, up to applicable limits
8.4 under the Internal Revenue Code. Such contributions are not subject to the match requirement
8.5 and limit in paragraph (f).

8.6 Sec. 12. Minnesota Statutes 2020, section 356.645, is amended to read:

8.7 **356.645 INVESTMENT OF ~~VARIOUS DEFINED CONTRIBUTION PLAN~~**
8.8 **ASSETS PLANS AND VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATIONS.**

8.9 The State Board of Investment shall determine the investments to be made available to
8.10 plan participants in plans defined in sections 352.965, 352.98, and 383B.46 and chapters
8.11 352D and 353D and to volunteer firefighters relief associations under chapter 424A.

8.12 Investments made available to plan participants and relief associations must include at least
8.13 one or more of the following:

8.14 (1) shares in the Minnesota supplemental investment fund established in section 11A.17;

8.15 (2) savings accounts in federally insured financial institutions;

8.16 (3) life insurance contracts, fixed annuity contracts, and variable annuity contracts from
8.17 companies that are subject to regulation by the commissioner of commerce;

8.18 (4) investment options from open-end investment companies registered under the federal
8.19 Investment Company Act of 1940, United States Code, title 15, sections 80a-1 to 80a-64;

8.20 (5) investment options from a firm that is a registered investment adviser under the
8.21 Investment Advisers Act of 1940, United States Code, title 15, sections 80b-1 to 80b-21;
8.22 and

8.23 (6) investment options of a bank as defined in United States Code, title 15, section 80b-2,
8.24 subsection (a), paragraph (2), or a bank holding company as defined in the Bank Holding
8.25 Company Act of 1956, United States Code, title 12, section 1841, subsection (a), paragraph
8.26 (1).

8.27 Sec. 13. Minnesota Statutes 2020, section 356A.06, subdivision 6, is amended to read:

8.28 Subd. 6. **Limited list of authorized investment securities.** (a) **Authority.** This
8.29 subdivision specifies the investment authority for a limited list plan. A limited list plan is
8.30 a covered pension plan that does not:

8.31 (1) have pension fund assets with a market value in excess of \$1,000,000;

9.1 (2) use the services of an investment advisor registered with the Securities and Exchange
9.2 Commission in accordance with the Investment Advisers Act of 1940, or registered as an
9.3 investment advisor in accordance with sections 80A.58, and 80A.60, for the investment of
9.4 at least 60 percent of its pension fund assets, calculated on market value;

9.5 (3) use the services of the State Board of Investment for the investment of at least 60
9.6 percent of its pension fund assets, calculated on market value; or

9.7 (4) use a combination of the services of an investment advisor meeting the requirements
9.8 of clause (2) and the services of the State Board of Investment for the investment of at least
9.9 75 percent of its pension fund assets, calculated on market value.

9.10 (b) **Investment agency appointment authority.** The governing board of a covered
9.11 pension plan may select and appoint investment agencies to act for or on its behalf.

9.12 (c) **Savings accounts; similar vehicles.** A limited list plan is authorized to invest in:

9.13 (1) certificates of deposit issued, to the extent of available insurance or collateralization,
9.14 by a financial institution that is a member of the Federal Deposit Insurance Corporation ~~or~~
9.15 ~~the Federal Savings and Loan Insurance Corporation~~, that is insured by the National Credit
9.16 Union Administration, or that is authorized to do business in this state and has deposited
9.17 with the chief administrative officer of the plan a sufficient amount of marketable securities
9.18 as collateral in accordance with section 118A.03;

9.19 (2) guaranteed investment contracts, limited to those issued by insurance companies or
9.20 banks rated in the top four quality categories by a nationally recognized rating agency or
9.21 to alternative guaranteed investment contracts where the underlying assets comply with the
9.22 requirements of this paragraph; and

9.23 (3) savings accounts, limited to those fully insured by federal agencies.

9.24 (d) **Government-backed obligations.** A limited list plan is authorized to invest in
9.25 governmental obligations as further specified in this paragraph, including bonds, notes,
9.26 bills, mortgages, and other evidences of indebtedness, if the issue is backed by the full faith
9.27 and credit of the issuer or if the issue is rated among the top four quality rating categories
9.28 by a nationally recognized rating agency. The obligations in which plans are authorized to
9.29 invest under this paragraph are guaranteed or insured issues of:

9.30 (1) the United States, one of its agencies, one of its instrumentalities, or an organization
9.31 created and regulated by an act of Congress;

9.32 (2) the Dominion of Canada or one of its provinces if the principal and interest are
9.33 payable in United States dollars;

10.1 (3) a state or one of its municipalities, political subdivisions, agencies, or
10.2 instrumentalities; or

10.3 (4) any United States government-sponsored organization of which the United States is
10.4 a member if the principal and interest are payable in United States dollars.

10.5 (e) **Corporate obligations.** A limited list plan is authorized to invest in corporate
10.6 obligations, including bonds, notes, debentures, transportation equipment obligations, or
10.7 any other longer-term evidences of indebtedness issued or guaranteed by a corporation
10.8 organized under the laws of the United States or any of its states, or the Dominion of Canada
10.9 or any of its provinces if:

10.10 (1) the principal and interest are payable in United States dollars; and

10.11 (2) the obligations are rated among the top four quality categories by a nationally
10.12 recognized rating agency.

10.13 (f) **Mutual fund authority, limited list authorized assets.** Securities authorized under
10.14 paragraphs (c) to (e) may be owned directly or through shares in exchange-traded funds, or
10.15 through open-end mutual funds, or as units of commingled trusts.

10.16 (g) **Extended mutual fund authority.** Notwithstanding restrictions in other paragraphs
10.17 of this subdivision, a limited list plan is authorized to invest the assets of the special fund
10.18 in exchange-traded funds and open-end mutual funds, if their portfolio investments comply
10.19 with the type of securities authorized for investment under section 356A.06, subdivision 7,
10.20 paragraphs (c) to (g). Investments under this paragraph must not exceed 75 percent of the
10.21 assets of the special fund, not including any money market investments through mutual or
10.22 exchange-traded funds.

10.23 (h) **Supplemental fund authority.** The governing body of a limited list plan may certify
10.24 special fund assets to the State Board of Investment for investment under section 11A.17.

10.25 (i) **Assets mix restrictions.** A limited list plan must conform to the asset mix limitations
10.26 specified in section 356A.06, subdivision 7.

10.27 Sec. 14. Minnesota Statutes 2020, section 356A.06, subdivision 8a, is amended to read:

10.28 Subd. 8a. **Collateralization requirement.** (a) The governing board of a covered pension
10.29 plan shall designate a national bank, an insured state bank, an insured credit union, or an
10.30 insured thrift institution as the depository for the pension plan for assets not held by the
10.31 pension plan's custodian bank.

11.1 (b) Unless collateralized as provided under paragraph (c), a covered pension plan may
11.2 not deposit in a designated depository an amount in excess of the insurance held by the
11.3 depository in the Federal Deposit Insurance Corporation, ~~the Federal Savings and Loan~~
11.4 ~~Insurance Corporation~~, or the National Credit Union Administration, whichever applies.

11.5 (c) For an amount greater than the insurance under paragraph (b), the depository must
11.6 provide collateral in compliance with section 118A.03 or with any comparable successor
11.7 enactment relating to the collateralization of municipal deposits.

11.8 Sec. 15. Minnesota Statutes 2020, section 424A.001, subdivision 4, is amended to read:

11.9 Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief
11.10 association" means a volunteer firefighters relief association or a volunteer firefighters
11.11 division or account of a partially salaried and partially volunteer firefighters relief association
11.12 that is:

11.13 (1) organized and incorporated as a nonprofit corporation to provide retirement benefits
11.14 to volunteer firefighters under chapter 317A and any laws of the state;

11.15 (2) governed by this chapter and sections 424A.091 to 424A.095; and

11.16 (3) directly associated with:

11.17 (i) a fire department established by municipal ordinance;

11.18 (ii) an independent nonprofit firefighting corporation that is organized under the
11.19 provisions of chapter 317A and that operates primarily for firefighting purposes; or

11.20 (iii) a fire department operated as or by a joint powers entity that operates primarily for
11.21 firefighting purposes.

11.22 (b) "Relief association" or "volunteer firefighters relief association" does not mean:

11.23 (1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter
11.24 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965,
11.25 chapter 446, as amended; or

11.26 (2) the statewide ~~lump-sum~~ volunteer firefighter plan governed by chapter 353G.

11.27 (c) A relief association or volunteer firefighters relief association is a governmental
11.28 entity that receives and manages public money to provide retirement benefits for individuals
11.29 providing the governmental services of firefighting and emergency first response.

12.1 Sec. 16. Minnesota Statutes 2020, section 424A.08, is amended to read:

12.2 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION; AUTHORIZED**
12.3 **DISBURSEMENTS.**

12.4 (a) Any municipality which is entitled to receive fire state aid but which has no volunteer
12.5 firefighters relief association directly associated with its fire department and which has no
12.6 full-time firefighters with retirement coverage by the public employees police and fire
12.7 retirement plan shall deposit the fire state aid in a special account established for that purpose
12.8 in the municipal treasury. Disbursement from the special account may not be made for any
12.9 purpose except:

12.10 (1) payment of the fees, dues and assessments to the Minnesota State Fire Department
12.11 Association and to the state Volunteer Firefighters Benefit Association in order to entitle
12.12 its firefighters to membership in and the benefits of these state associations;

12.13 (2) payment of the cost of purchasing and maintaining needed equipment for the fire
12.14 department; and

12.15 (3) payment of the cost of construction, acquisition, repair, or maintenance of buildings
12.16 or other premises to house the equipment of the fire department.

12.17 (b) A municipality which is entitled to receive fire state aid, which has no volunteer
12.18 firefighters relief association directly associated with its fire department, which does not
12.19 participate in the statewide-lump-sum volunteer firefighter plan under chapter 353G, and
12.20 which has full-time firefighters with retirement coverage by the public employees police
12.21 and fire retirement plan may disburse the fire state aid as provided in paragraph (a), for the
12.22 payment of the employer contribution requirement with respect to firefighters covered by
12.23 the public employees police and fire retirement plan under section 353.65, subdivision 3,
12.24 or for a combination of the two types of disbursements.

12.25 (c) A municipality that has no volunteer firefighters relief association directly associated
12.26 with it and that participates in the statewide-lump-sum volunteer firefighter plan under
12.27 chapter 353G shall transmit any fire state aid that it receives to the statewide-lump-sum
12.28 volunteer firefighter fund.

12.29 Sec. 17. Minnesota Statutes 2020, section 424A.10, subdivision 1, is amended to read:

12.30 Subdivision 1. **Definitions.** For purposes of this section:

13.1 (1) "qualified recipient" means a volunteer firefighter who receives a lump-sum
13.2 distribution of pension or retirement benefits from a volunteer firefighters relief association
13.3 or from the statewide ~~lump-sum~~ volunteer firefighter plan;

13.4 (2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving
13.5 spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child
13.6 or children of a deceased active or deferred volunteer firefighter, or, if none, the designated
13.7 beneficiary of the deceased active or deferred volunteer firefighter, or, if no beneficiary has
13.8 been designated, the estate of the deceased active or deferred volunteer firefighter;

13.9 (3) "active volunteer firefighter" means a person who:

13.10 (i) regularly renders fire suppression service, the performance or supervision of authorized
13.11 fire prevention duties, or the performance or supervision of authorized emergency medical
13.12 response activities for a fire department;

13.13 (ii) has met the statutory and other requirements for relief association membership; and

13.14 (iii) is deemed by the relief association under law and its bylaws to be a fully qualified
13.15 member of the relief association or from the statewide ~~lump-sum~~ volunteer firefighter plan
13.16 for at least one month;

13.17 (4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

13.18 (i) terminated active firefighting service, the performance or supervision of authorized
13.19 fire prevention duties, or the performance or supervision of authorized emergency medical
13.20 response activities; and

13.21 (ii) has sufficient service credit from the applicable relief association or from the statewide
13.22 ~~lump-sum~~ volunteer firefighter plan to be entitled to a service pension under the bylaws of
13.23 the relief association, but has not applied for or has not received the service pension; and

13.24 (5) "volunteer firefighter" includes an individual whose services were utilized to perform
13.25 or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and
13.26 individuals whose services were used to perform emergency medical response duties or
13.27 supervise emergency medical response activities if authorized under section 424A.01,
13.28 subdivision 5a.

13.29 Sec. 18. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
13.30 to read:

13.31 Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer
13.32 firefighters relief association or by the statewide ~~lump-sum~~ volunteer firefighter plan of a

14.1 lump-sum distribution to a qualified recipient, the association or retirement plan, as
14.2 applicable, must pay a supplemental benefit to the qualified recipient. Notwithstanding any
14.3 law to the contrary, the relief association must pay the supplemental benefit out of its special
14.4 fund and the statewide-~~lump-sum~~ volunteer firefighter plan must pay the supplemental
14.5 benefit out of the statewide-~~lump-sum~~ volunteer firefighter plan. This benefit is an amount
14.6 equal to ten percent of the regular lump-sum distribution that is paid on the basis of the
14.7 recipient's service as a volunteer firefighter. In no case may the amount of the supplemental
14.8 benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a
14.9 survivor of a deceased active or deferred volunteer firefighter in that capacity.

14.10 (b) Upon the payment by a relief association or the retirement plan of a lump-sum
14.11 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased
14.12 deferred volunteer firefighter, the association or retirement plan, as applicable, must pay a
14.13 supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
14.14 firefighter from the special fund of the relief association and the retirement plan must pay
14.15 a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer
14.16 firefighter from the retirement fund if chapter 353G so provides. The amount of the
14.17 supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

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

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

14.24 Sec. 19. Minnesota Statutes 2020, section 424A.10, subdivision 3, is amended to read:

14.25 Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of
14.26 the amount of supplemental benefits paid under subdivision 2 during the preceding calendar
14.27 year, the volunteer firefighters relief association or the statewide-~~lump-sum~~ volunteer
14.28 firefighter plan shall apply to the commissioner of revenue by February 15. By March 15,
14.29 the commissioner shall reimburse the relief association for the amount of the supplemental
14.30 benefits paid by the relief association to qualified recipients and to survivors of deceased
14.31 active or deferred volunteer firefighters.

14.32 (b) The commissioner of revenue shall prescribe the form of and supporting information
14.33 that must be supplied as part of the application for state reimbursement. The commissioner
14.34 of revenue shall reimburse the relief association by paying the reimbursement amount to

15.1 the treasurer of the municipality where the association is located and shall reimburse the
15.2 retirement plan by paying the reimbursement amount to the executive director of the Public
15.3 Employees Retirement Association. Within 30 days after receipt, the municipal treasurer
15.4 shall transmit the state reimbursement to the treasurer of the association if the association
15.5 has filed a financial report with the municipality. If the relief association has not filed a
15.6 financial report with the municipality, the municipal treasurer shall delay transmission of
15.7 the reimbursement payment to the association until the complete financial report is filed.
15.8 If the association has dissolved or has been removed as a trustee of state aid, the treasurer
15.9 shall deposit the money in a special account in the municipal treasury, and the money may
15.10 be disbursed only for the purposes and in the manner provided in section 424A.08. When
15.11 paid to the association, the reimbursement payment must be deposited in the special fund
15.12 of the relief association and when paid to the retirement plan, the reimbursement payment
15.13 must be deposited in the retirement fund of the plan.

15.14 (c) A sum sufficient to make the payments is appropriated from the general fund to the
15.15 commissioner of revenue.

15.16 Sec. 20. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 5, is amended
15.17 to read:

15.18 Subd. 5. **Determination of value of pension benefits and distribution to retirees in**
15.19 **pay status.** (a) The board of trustees shall determine the present value of each participant's
15.20 accrued benefit, taking into account the full vesting requirement under subdivision 2 and
15.21 any increase in the lump-sum benefit or monthly pension amount approved under subdivision
15.22 4:

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

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

15.27 (b) If the retirement plan pays a monthly pension, the board of trustees ~~shall~~ must
15.28 determine the present value of the remaining payments to any retiree in pay status or
15.29 beneficiary who is receiving an annuity. Present value ~~shall~~ must be determined by an
15.30 actuary who meets the definition of approved actuary under section 356.215, subdivision
15.31 1, paragraph (c), retained by the relief association. At the discretion of the relief association,
15.32 the relief association shall offer must provide the retiree in pay status or beneficiary receiving
15.33 the annuity either:

16.1 (1) an immediate lump-sum distribution of an amount equal to the present value of the
16.2 remaining payments as determined by the actuary and permit the retiree in pay status or
16.3 beneficiary to elect a lump-sum payment or a direct rollover of the amount to an eligible
16.4 retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution
16.5 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5; or

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

16.9 Sec. 21. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 8, is amended
16.10 to read:

16.11 Subd. 8. **Notice to participants.** The board of trustees shall provide notice to all
16.12 participants at least 90 days before the conversion effective date. The notice shall include:

16.13 (1) an explanation that the plan is converting from a defined benefit plan to a defined
16.14 contribution plan and provide definitions for those terms, the reasons for the conversion,
16.15 the conversion effective date, and the procedure to be followed, including fully vesting all
16.16 participants;

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

16.18 (3) information about any increase in the benefit level and whether the increase applies
16.19 to all participants or only active members;

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

16.22 (5) an estimate of any anticipated surplus and an explanation of the disposition of the
16.23 surplus, including, as applicable, a description of the method for allocating the surplus
16.24 among participants' accounts and whether the municipality, each municipality, if more than
16.25 one municipality operates the fire department pursuant to a joint powers agreement, or
16.26 firefighting corporation will receive any of the surplus and any conditions on its use; and

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

17.1 Sec. 22. **EFFECTIVE DATE.**

17.2 Sections 1 to 11 and 13 to 21 are effective the day following final enactment. Section
17.3 12 is effective January 1, 2023."

17.4 Amend the title accordingly