

## HF 217 (Franson; Stephenson); SF 809 (Westrom): PERA Statewide Volunteer Firefighter Plan; Amending Statutes to Count Prior Service with a Relief Association as Vesting Service

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Date: March 15, 2022

### Introduction

- Affected Plan:** PERA Statewide Volunteer Firefighter Plan (“SVF Plan”)
- Applicable Laws:** Sections 353G.01 and 353G.09
- Brief Description:** The bill amends two sections in Chapter 353G to count years of service with any prior relief association in determining a volunteer firefighter’s vested percentage.
- Amendment:** [Amendment H0217-1A](#)

### Background

Under Section 353G.09, subdivision 1, a member of the SVF Plan is entitled to receive a retirement benefit in the form of a lump sum or monthly annuity when the member satisfies the following:

- (1) has separated from active service with the fire department for at least 30 days;
- (2) has attained the age of at least 50 years;
- (3) has satisfied the minimum service requirement in paragraph (b); and
- (4) applies in a manner prescribed by the executive director for the service pension.

Paragraph (b) states that a member satisfies the minimum service requirement if the member satisfies either of the following:

- (1) the member is at least 40 percent vested based on years of service as a member of the SVF Plan;  
or
- (2) the member is at least 40 percent vested based on years of service with the fire department *and* the total number of years of service as a member of the former affiliated relief association and the years of service as a member of the retirement plan is at least 5.

A member will be 40 percent vested when the member has 5 years of service credit. For this purpose, years of service as a member of the SVF Plan plus years of service as a member of the former affiliated relief association are taken into account.

The “former affiliated relief association” is the relief association that provided retirement benefits to the firefighters in the fire department before the fire department joined the relief association. If a firefighter covered by the SVF Plan has prior service with a former relief association that is not affiliated with the firefighter’s current fire department, that prior service will not be taken into account for vesting purposes.

A distinction is to be made, when reviewing and amending the applicable statutes, between years of service taken into account for vesting purposes versus years of service taken into account for purposes of calculating a benefit. The bill changes current law regarding the service taken into account for determining vested percentage, not for calculating the firefighter’s benefit.

Another current statute in Chapter 353G addresses prior service, but for purposes of both vested percentage and in calculating a benefit: although nearly impossible to decipher, it appears that Section 353G.13 would take into account years of service a firefighter has with two or more different fire departments, if all of them are participating in the SVF Plan, and this combined service would be used in both determining vested percentage and in calculating the firefighter’s retirement benefit.

The bill amends current law to count prior service with an unaffiliated relief association when determining a firefighter’s vested percentage in the firefighter’s retirement benefit under the SVF Plan.

## Section- by- Section Summary

**Sections 1 and 2** make clarifying and other non-substantive language changes to the definitions of “member” and “volunteer firefighter.”

**Section 3** makes clarifying language changes and replaces the clauses regarding the type of service that will be taken into account with a reference to subdivision 2, which is revised later in the bill.

**Section 4** adds a new subdivision that defines a member’s retirement benefit. The retirement benefit is equal to the number of years of service multiplied by the service pension level multiplied by the member’s vested percentage under subdivision 2.

**Section 5** revises subdivision 2 of section 353G.09 to clarify language and, most significantly, replaces “years of service as a member of the former affiliated relief association” with “any previous years of service as a member of a relief association.” The new language will require previous years of service with any relief association to be taken into account in determining vested percentage. Paragraphs (c) and (d) are combined into one new paragraph (b).

**Sections 6** is a Revisor instruction to shorten phrases used throughout the chapter.

**Section 7** provides the effective date for the changes, which is January 1, 2024.

## Amendment H0217- 1A

PERA is generally supportive of the bill, but staff expressed concerns regarding implementation of the changes and requested an amendment be prepared that would address their concerns. Commission staff worked with PERA staff to draft Amendment H0217-1A, which makes the following changes to the bill:

- After line 1.12 of the bill, new subdivisions 12a and 14a are added as new definitions to Section 353G.01. The new definitions are for “service credit” and “vesting service credit.” “Service credit” is defined as all periods of service with any fire department covered by the SVF Plan. “Vesting service credit” is defined as “service credit” plus earlier periods of service as a volunteer firefighter in a fire department not covered by the SVF Plan.
- Language is added to lines 1.20 and 1.21 to require at least one year of covered service with a fire department to be eligible for a retirement benefit based on service with that fire department. This is consistent with current law but was accidentally not retained in the bill.
- Lines 2.22 and 2.26 add clarifying language.
- Lines 3.10 through 3.12, 3.35, and 3.36 replace language with the new defined term “vesting service credit.”
- After line 4.17, Section 353G.14 is renamed and a new subdivision 1 is added to require distributions in a lump sum unless the firefighter requests an annuity, which is described under current law and is now renumbered as subdivision 2. Inserting the new lump sum distribution subdivision is necessary because of the repeal of Section 353G.13, which includes a subdivision that requires payment in a lump sum.
- After line 4.24, two statutes are being repealed:
  - Section 353G.01, subdivision 7, which is the definition of “service credit” that is revised and added after line 1.12 of the bill (see the first bullet, above); and
  - Section 353G.13, which is the incomprehensible combined service statute mentioned on page 2 of this summary and is no longer necessary because of the other changes made by the bill and the amendment.