



## **Amendment S2884-3A: Amending amortization periods for the monthly benefit division of the Statewide Volunteer Firefighter Plan**

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### **Introduction**

Article 10 of S2884-DE1, the delete-everything amendment to SF 2884/HF 1889 (2025 Omnibus Pension and Retirement Bill), amends Section 356.215, which governs pension plan actuarial valuations, their contents, and the actuarial assumptions that must be used. The most significant change is to end the use of a single amortization period for all benefit, assumption, and other changes that impact a pension plan's unfunded actuarial accrued liability and begin using a layered approach that applies a new amortization period to each change. This new approach was recommended by the Amortization Work Group, which met during the interim between the 2024 and 2025 legislative sessions.

Amendment S2884-3A revises a statute in Chapter 353G that requires the executive director of the Public Employees Retirement Association (PERA) to determine annually the funding requirements of fire department accounts in the monthly division of the Statewide Volunteer Firefighter Plan (SVF Plan) and use certain specified amortization periods for different changes that impact unfunded actuarial accrued liability. These amortization periods conflict with the new periods being added by Article 10 so the -3A amendment resolves this conflict.

### **Line- by- Line Summary**

**Lines 1.3 to 2.10** revise Section 353G.08, subdivision 1a, which directs the use of certain amortization periods for different categories of changes that impact unfunded actuarial accrued liabilities of fire department accounts in the monthly division of the SVF Plan. For example, unfunded liabilities attributable to a benefit increase are to be amortized over a 20-year period. The new amortization period in Article 10 of the DE1, which amends Section 356.215, subdivision 11, requires a pension plan to use a 15-year amortization period for benefit changes.

Specifically:

Line 1.16 adds a reference to the amortization periods in section 356.215, subdivision 11, directing that these amortization periods must be used in determining the funding requirements.

Lines 1.17 to 1.26 strike the amortization periods listed in section 353G.08, subdivision 1a, which are different than the new amortization periods added in the DE1 and are to be used in actuarial valuations for all public pension plans.

**Lines 2.11 to 2.13** fix an error in Section 356.215, subdivision 11, by deleting the new reference to “relief association plans” and reinstating the exceptions in current law for the Bloomington Fire Department Relief Association and the local monthly benefit volunteer firefighter relief associations.