SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 4767

(SENATE AUTHORS: SEEBERGER)

DATE	D-PG	OFFICIAL STATUS
03/25/2026		Introduction and first reading Referred to State and Local Government

A bill for an act

relating to retirement; firefighters relief associations; phasing in shorter vesting schedules for defined contribution and defined benefit firefighters relief associations; amending Minnesota Statutes 2024, sections 424A.016, subdivision 3; 424A.02, subdivision 2.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2024, section 424A.016, subdivision 3, is amended to read:

Subd. 3. **Vesting schedule.** <u>(a)</u> If the articles of incorporation or bylaws of a defined contribution relief association provide a vesting schedule that satisfies the requirements of this subdivision, the relief association may pay a reduced service pension to a retiring member. For purposes of this section, "vests," "vesting," or "vested" means a nonforfeitable, unconditional, or legally enforceable right. A member vests in the member's account in accordance with the vesting schedule set forth in the relief association's articles of incorporation or bylaws. Provided a member meets the minimum age and service requirements of subdivision 2, the member is entitled to a service pension equal to the member's account, but only to the extent vested as provided in the vesting schedule set forth in the articles of incorporation or bylaws. ~~In no event may the articles of incorporation or bylaws:~~

~~(1) require that a member have more than 20 years of active service to become 100 percent vested in the member's account; or~~

~~(2) provide for a larger vesting percentage than is provided in the following schedule with respect to the completed number of years of active service indicated in the schedule:~~

~~Completed Years of Active Service~~	~~Vested Percentage of Pension Amount~~
~~5~~	~~40 percent~~
~~6~~	~~52 percent~~
~~7~~	~~64 percent~~
~~8~~	~~76 percent~~
~~9~~	~~88 percent~~
~~10 or more~~	~~100 percent~~

(b) The vesting schedule in the articles of incorporation or bylaws must not require more active service than the following:

(1) through December 31, 2027, 20 years of active service to become 100 percent vested, with each member vesting in four percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service;

(2) beginning on January 1, 2028, through December 31, 2029, 15 years of active service to become 100 percent vested, with each member vesting in six percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service; and

(3) beginning on January 1, 2029, ten years of active service to become 100 percent vested, with each member vesting in 12 percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service.

Sec. 2. Minnesota Statutes 2024, section 424A.02, subdivision 2, is amended to read:

Subd. 2. **Vesting schedule.** (a) If the articles of incorporation or bylaws of a defined benefit relief association provide a vesting schedule that satisfies the requirements of this subdivision, the relief association may pay a reduced service pension to a retiring member. For purposes of this section, "vests," "vesting," or "vested" means a nonforfeitable, unconditional, or legally enforceable right. A member vests in the member's accrued service pension in accordance with the vesting schedule set forth in the relief association's articles of incorporation or bylaws. Provided a member meets the minimum age and service requirements of subdivision 1, the member is entitled to the member's accrued service pension, but only to the extent vested as provided in the vesting schedule set forth in the articles of incorporation or bylaws. ~~In no event may the articles of incorporation or bylaws:~~

~~(1) require that a member have more than 20 years of active service to become 100 percent vested in the member's accrued service pension; or~~

~~(2) provide for a larger vesting percentage than is provided in the following schedule with respect to the completed number of years of active service indicated in the schedule:~~

~~Completed Years of Active Service~~	~~Vested Percentage of Pension Amount~~
~~5~~	~~40 percent~~
~~6~~	~~52 percent~~
~~7~~	~~64 percent~~
~~8~~	~~76 percent~~
~~9~~	~~88 percent~~
~~10 or more~~	~~100 percent~~

(b) The vesting schedule in the articles of incorporation or bylaws must not require more active service than the following:

(1) through December 31, 2027, 20 years of active service to become 100 percent vested, with each member vesting in four percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service;

(2) beginning on January 1, 2028, through December 31, 2029, 15 years of active service to become 100 percent vested, with each member vesting in six percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service; and

(3) beginning on January 1, 2029, ten years of active service to become 100 percent vested, with each member vesting in 12 percent increments for each completed year of active service, beginning with 40 percent upon completion of five years of active service.

Sec. 3. **EFFECTIVE DATE.**

Sections 1 and 2 are effective the day following final enactment.