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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 2218

02/25/2014 Authored by Murphy, M., The bill was read for the first time and referred to the Committee on Government Operations

A bill for an act

relating to retirement; volunteer firefighter relief associations; implementing the recommendations of the 2013-2014 state auditor volunteer fire working group; amending Minnesota Statutes 2012, sections 356A.06, subdivisions 7, 7a; 424A.015, by adding a subdivision; 424A.016, subdivisions 4, 7; 424A.08; 424B.12; Minnesota Statutes 2013 Supplement, sections 69.051, subdivisions 1a, 3; 424A.016, subdivision 6; 424A.02, subdivisions 3, 7; 424A.092, subdivision 6; 424A.093, subdivisions 2, 6; 424A.094, subdivision 2; 424A.10, subdivision 2.

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

Section 1. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 1a, is amended to read:

Subd. 1a. **Financial statement.** (a) The board of each volunteer firefighters relief association, as defined in section 424A.001, subdivision 4, that is not required to file a financial report and audit under subdivision 1 must prepare a detailed statement of the financial affairs for the preceding fiscal year of the relief association's special and general funds in the style and form prescribed by the state auditor. The detailed statement must show:

- (1) the sources and amounts of all money received;
- (2) all disbursements, accounts payable and accounts receivable;
- (3) the amount of money remaining in the treasury;
- (4) total assets, including a listing of all investments;
- (5) the accrued liabilities; and
- (6) all other items necessary to show accurately the revenues and expenditures and financial position of the relief association.

(b) The detailed financial statement required under paragraph (a) must be certified by ~~an independent~~ a certified public accountant or by the state auditor ~~or by the auditor or~~

2.1 ~~accountant who regularly examines or audits the financial transactions of the municipality.~~  
 2.2 In addition to certifying the financial condition of the special and general funds of the relief  
 2.3 association, the accountant or auditor conducting the examination shall give an opinion  
 2.4 as to the condition of the special and general funds of the relief association, and shall  
 2.5 comment upon any exceptions to the report. The ~~independent accountant or auditor~~ must  
 2.6 have at least five years of public accounting, auditing, or similar experience, and must not  
 2.7 be an active, inactive, or retired member of the relief association or the fire department.

2.8 (c) The detailed statement required under paragraph (a) must be countersigned by:

2.9 (1) the municipal clerk or clerk-treasurer of the municipality; or

2.10 (2) where applicable, by the municipal clerk or clerk-treasurer of the largest  
 2.11 municipality in population which contracts with the independent nonprofit firefighting  
 2.12 corporation if the relief association is a subsidiary of an independent nonprofit firefighting  
 2.13 corporation and by the secretary of the independent nonprofit firefighting corporation; or

2.14 (3) by the chief financial official of the county in which the volunteer firefighter  
 2.15 relief association is located or primarily located if the relief association is associated with  
 2.16 a fire department that is not located in or associated with an organized municipality.

2.17 (d) The volunteer firefighters' relief association board must file the detailed statement  
 2.18 required under paragraph (a) in the relief association office for public inspection and  
 2.19 present it to the governing body of the municipality within 45 days after the close of the  
 2.20 fiscal year, and must submit a copy of the detailed statement to the state auditor within 90  
 2.21 days of the close of the fiscal year.

2.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.23 Sec. 2. Minnesota Statutes 2013 Supplement, section 69.051, subdivision 3, is  
 2.24 amended to read:

2.25 Subd. 3. **Report by certain municipalities; exceptions.** (a) The chief  
 2.26 administrative officer of each municipality which has an organized fire department but  
 2.27 which does not have a firefighters' relief association governed by section 69.77 or sections  
 2.28 424A.091 to 424A.095 and which is not exempted under paragraph (b) or (c) shall annually  
 2.29 prepare a detailed financial report of the receipts and disbursements by the municipality  
 2.30 for fire protection service during the preceding calendar year on a form prescribed by the  
 2.31 state auditor. The financial report must contain any information which the state auditor  
 2.32 deems necessary to disclose the sources of receipts and the purpose of disbursements for  
 2.33 fire protection service. The financial report must be signed by the municipal clerk or  
 2.34 clerk-treasurer of the municipality. The financial report must be filed by the municipal clerk  
 2.35 or clerk-treasurer with the state auditor on or before July 1 annually. The municipality does

3.1 not qualify initially to receive, and is not entitled subsequently to retain, state aid under  
 3.2 this chapter if the financial reporting requirement or the applicable requirements of this  
 3.3 chapter or any other statute or special law have not been complied with or are not fulfilled.

3.4 (b) Each municipality that has an organized fire department and provides retirement  
 3.5 coverage to its firefighters through the voluntary statewide lump-sum volunteer firefighter  
 3.6 retirement plan under chapter 353G qualifies to have fire state aid transmitted to and  
 3.7 retained in the statewide lump-sum volunteer firefighter retirement fund without filing  
 3.8 a detailed financial report if the executive director of the Public Employees Retirement  
 3.9 Association certifies compliance by the municipality with the requirements of sections  
 3.10 353G.04 and 353G.08, paragraph (e), and certifies conformity by the applicable fire chief  
 3.11 with the requirements of section 353G.07.

3.12 (c) Each municipality qualifies to receive fire state aid under this chapter without  
 3.13 filing a financial report under paragraph (a) if the municipality:

3.14 (1) has an organized fire department;

3.15 (2) does not have a volunteer firefighters relief association directly associated with  
 3.16 its fire department;

3.17 (3) does not participate in the statewide lump-sum volunteer firefighter retirement  
 3.18 plan under chapter 353G;

3.19 (4) provides retirement coverage to its firefighters through the public employees  
 3.20 police and fire retirement plan under sections 353.63 to 353.68; and

3.21 (5) is certified by the executive director of the Public Employees Retirement  
 3.22 Association to the state auditor to have had an employer contribution under section  
 3.23 353.65, subdivision 3, for its firefighters for the immediately prior calendar year equal to  
 3.24 or greater than its fire state aid for the immediately prior calendar year.

3.25 **EFFECTIVE DATE.** This section is effective the day following final enactment  
 3.26 and applies to fire state aid payable on October 1, 2014.

3.27 Sec. 3. Minnesota Statutes 2012, section 356A.06, subdivision 7, is amended to read:

3.28 Subd. 7. **Expanded list of authorized investment securities.** (a) **Authority.** A  
 3.29 covered pension plan not described by subdivision 6, paragraph (a), is an expanded list  
 3.30 plan and shall invest its assets as specified in this subdivision. The governing board of an  
 3.31 expanded list plan may select and appoint investment agencies to act for or on its behalf.

3.32 (b) **Securities generally; investment forms.** An expanded list plan is authorized  
 3.33 to purchase, sell, lend, and exchange the investment securities authorized under this  
 3.34 subdivision, including puts and call options and future contracts traded on a contract  
 3.35 market regulated by a governmental agency or by a financial institution regulated by

4.1 a governmental agency. These securities may be owned directly or through shares  
4.2 in exchange-traded or mutual funds, or as units in commingled trusts, subject to any  
4.3 limitations specified in this subdivision.

4.4 (c) **Government obligations.** An expanded list plan is authorized to invest funds in  
4.5 governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the  
4.6 issue is backed by the full faith and credit of the issuer or the issue is rated among the top  
4.7 four quality rating categories by a nationally recognized rating agency. The obligations in  
4.8 which funds may be invested under this paragraph are guaranteed or insured issues of:

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

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

4.13 (3) a state or one of its municipalities, political subdivisions, agencies, or  
4.14 instrumentalities; and

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

4.17 (d) **Investment-grade corporate obligations.** An expanded list plan is authorized  
4.18 to invest funds in bonds, notes, debentures, transportation equipment obligations, or  
4.19 any other longer term evidences of indebtedness issued or guaranteed by a corporation  
4.20 organized under the laws of the United States or any of its states, or the Dominion of  
4.21 Canada or any of its provinces if:

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

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

4.25 (e) **Below-investment-grade corporate obligations.** An expanded list plan is  
4.26 authorized to invest in unrated corporate obligations or in corporate obligations that are  
4.27 not rated among the top four quality categories by a nationally recognized rating agency if:

4.28 (1) the aggregate value of these obligations does not exceed five percent of the  
4.29 covered pension plan's market value;

4.30 (2) the covered pension plan's participation is limited to 50 percent of a single  
4.31 offering subject to this paragraph; and

4.32 (3) the covered pension plan's participation is limited to 25 percent of an issuer's  
4.33 obligations subject to this paragraph.

4.34 (f) **Other obligations.** (1) An expanded list plan is authorized to invest funds in:

4.35 (i) bankers acceptances and deposit notes if issued by a United States bank that is  
4.36 rated in the highest four quality categories by a nationally recognized rating agency;

5.1 (ii) certificates of deposit if issued by a United States bank or savings institution  
5.2 rated in the highest four quality categories by a nationally recognized rating agency or  
5.3 whose certificates of deposit are fully insured by federal agencies, or if issued by a credit  
5.4 union in an amount within the limit of the insurance coverage provided by the National  
5.5 Credit Union Administration;

5.6 (iii) commercial paper if issued by a United States corporation or its Canadian  
5.7 subsidiary and if rated in the highest two quality categories by a nationally recognized  
5.8 rating agency;

5.9 (iv) mortgage securities and asset-backed securities if rated in the top four quality  
5.10 categories by a nationally recognized rating agency;

5.11 (v) repurchase agreements and reverse repurchase agreements if collateralized with  
5.12 letters of credit or securities authorized in this section;

5.13 (vi) guaranteed investment contracts if issued by an insurance company or a bank  
5.14 that is rated in the top four quality categories by a nationally recognized rating agency  
5.15 or alternative guaranteed investment contracts if the underlying assets comply with the  
5.16 requirements of this subdivision;

5.17 (vii) savings accounts if fully insured by a federal agency; and

5.18 (viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic  
5.19 mutual insurance company.

5.20 (2) Sections 16A.58, 16C.03, subdivision 4, and 16C.05 do not apply to certificates  
5.21 of deposit and collateralization agreements executed by the covered pension plan under  
5.22 clause (1), item (ii).

5.23 (3) In addition to investments authorized by clause (1), item (iv), an expanded list  
5.24 plan is authorized to purchase from the Minnesota Housing Finance Agency all or any part  
5.25 of a pool of residential mortgages, not in default, that has previously been financed by the  
5.26 issuance of bonds or notes of the agency. The covered pension plan may also enter into  
5.27 a commitment with the agency, at the time of any issue of bonds or notes, to purchase  
5.28 at a specified future date, not exceeding 12 years from the date of the issue, the amount  
5.29 of mortgage loans then outstanding and not in default that have been made or purchased  
5.30 from the proceeds of the bonds or notes. The covered pension plan may charge reasonable  
5.31 fees for any such commitment and may agree to purchase the mortgage loans at a price  
5.32 sufficient to produce a yield to the covered pension plan comparable, in its judgment,  
5.33 to the yield available on similar mortgage loans at the date of the bonds or notes. The  
5.34 covered pension plan may also enter into agreements with the agency for the investment  
5.35 of any portion of the funds of the agency. The agreement must cover the period of the  
5.36 investment, withdrawal privileges, and any guaranteed rate of return.

6.1 (g) **Corporate stocks.** An expanded list plan is authorized to invest in stocks or  
6.2 convertible issues of any corporation organized under the laws of the United States or any  
6.3 of its states, any corporation organized under the laws of the Dominion of Canada or any  
6.4 of its provinces, or any corporation listed on an exchange that is regulated by an agency of  
6.5 the United States or of the Canadian national government.

6.6 An investment in any corporation must not exceed five percent of the total  
6.7 outstanding shares of that corporation, except that an expanded list plan may hold up  
6.8 to 20 percent of the shares of a real estate investment trust and up to 20 percent of the  
6.9 shares of a closed mutual fund.

6.10 (h) **Other investments.** (1) In addition to the investments authorized in paragraphs  
6.11 (b) to (g), and subject to the provisions in clause (2), an expanded list plan is authorized  
6.12 to invest funds in:

6.13 (i) equity and debt investment businesses through participation in limited  
6.14 partnerships, trusts, private placements, limited liability corporations, limited liability  
6.15 companies, limited liability partnerships, and corporations;

6.16 (ii) real estate ownership interests or loans secured by mortgages or deeds of trust  
6.17 or shares of real estate investment trusts, through investment in limited partnerships,  
6.18 bank-sponsored collective funds, trusts, mortgage participation agreements, and insurance  
6.19 company commingled accounts, including separate accounts;

6.20 (iii) resource investments through limited partnerships, trusts, private placements,  
6.21 limited liability corporations, limited liability companies, limited liability partnerships,  
6.22 and corporations; and

6.23 (iv) international securities.

6.24 (2) The investments authorized in clause (1) must conform to the following  
6.25 provisions:

6.26 (i) the aggregate value of all investments made under clause (1), items (i), (ii), and  
6.27 (iii), may not exceed 35 percent of the market value of the fund for which the expanded  
6.28 list plan is investing;

6.29 (ii) there must be at least four unrelated owners of the investment other than the  
6.30 expanded list plan for investments made under clause (1), item (i), (ii), or (iii);

6.31 (iii) the expanded list plan's participation in an investment vehicle is limited to 20  
6.32 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

6.33 (iv) the expanded list plan's participation in a limited partnership does not include a  
6.34 general partnership interest or other interest involving general liability. The expanded list  
6.35 plan may not engage in any activity as a limited partner which creates general liability; and

7.1 (v) the aggregate value of all unrated obligations and obligations that are not rated  
 7.2 among the top four quality categories by a nationally recognized rating agency authorized  
 7.3 by paragraph (f) and clause (1), item (iv), must not exceed five percent of the covered  
 7.4 plan's market value; and

7.5 (vi) for volunteer firefighter relief associations, emerging market equity and  
 7.6 international debt investments authorized under clause (1), item (iv), must not exceed 15  
 7.7 percent of the association's special fund market value.

7.8 (i) **Supplemental plan investments.** The governing body of an expanded list plan  
 7.9 may certify assets to the State Board of Investment for investment under section 11A.17.

7.10 (j) **Asset mix limitations.** The aggregate value of an expanded list plan's  
 7.11 investments under paragraphs (g) and (h) and equity investments under paragraph (i),  
 7.12 regardless of the form in which these investments are held, must not exceed 85 percent of  
 7.13 the covered plan's market value.

7.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.15 Sec. 4. Minnesota Statutes 2012, section 356A.06, subdivision 7a, is amended to read:

7.16 Subd. 7a. **Restrictions.** Any agreement to lend securities must be concurrently  
 7.17 collateralized with cash or securities with a market value of not less than 100 percent of the  
 7.18 market value of the loaned securities at the time of the agreement. For a covered pension  
 7.19 authorized to purchase put and call options and futures contracts under subdivision 7, any  
 7.20 agreement for put and call options and futures contracts may only be entered into with a  
 7.21 fully offsetting amount of cash or securities. Only securities authorized by this section,  
 7.22 excluding those under subdivision 7, paragraph ~~(g)~~ (h), clause (1), items (i) to (iv), may be  
 7.23 accepted as collateral or offsetting securities.

7.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.25 Sec. 5. Minnesota Statutes 2012, section 424A.015, is amended by adding a  
 7.26 subdivision to read:

7.27 Subd. 6. **Governing benefit plan provisions.** A service pension or ancillary benefit  
 7.28 payable under this chapter is governed by and must be calculated under the general statute,  
 7.29 special law, relief association articles of incorporation, and relief association bylaw  
 7.30 provisions applicable on the date on which the member separated from active service with  
 7.31 the fire department and active membership in the relief association.

7.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

8.1 Sec. 6. Minnesota Statutes 2012, section 424A.016, subdivision 4, is amended to read:

8.2 Subd. 4. **Individual accounts.** (a) An individual account must be established for  
8.3 each firefighter who is a member of the relief association.

8.4 (b) To each individual active member account must be credited an equal share of:

8.5 (1) any amounts of fire state aid received by the relief association;

8.6 (2) any amounts of municipal contributions to the relief association raised from  
8.7 levies on real estate or from other available municipal revenue sources exclusive of fire  
8.8 state aid; and

8.9 (3) any amounts equal to the share of the assets of the special fund to the credit of:

8.10 (i) any former member who terminated active service with the fire department to  
8.11 which the relief association is associated before meeting the minimum service requirement  
8.12 provided for in subdivision 2, paragraph (b), and has not returned to active service with  
8.13 the fire department for a period no shorter than five years; or

8.14 (ii) any retired member who retired before obtaining a full nonforfeitable interest in  
8.15 the amounts credited to the individual member account under subdivision 2, paragraph  
8.16 (b), and any applicable provision of the bylaws of the relief association. In addition, any  
8.17 investment return on the assets of the special fund must be credited in proportion to the  
8.18 share of the assets of the special fund to the credit of each individual active member  
8.19 account. Administrative expenses of the relief association payable from the special  
8.20 fund may be deducted from individual accounts in a manner specified in the bylaws of  
8.21 the relief association.

8.22 (c) If the bylaws so permit and as the bylaws define, the relief association may credit  
8.23 any investment return on the assets of the special fund to the accounts of inactive members.

8.24 (d) Amounts to be credited to individual accounts must be allocated uniformly  
8.25 for all years of active service and allocations must be made for all years of service,  
8.26 except for caps on service credit if so provided in the bylaws of the relief association.

8.27 Amounts forfeited under paragraph (b), clause (3), before a resumption of active service  
8.28 and membership under section 424A.01, subdivision 6, remain forfeited and may not be

8.29 reinstated upon the resumption of active service and membership. The allocation method

8.30 may utilize monthly proration for fractional years of service, as the bylaws or articles of  
8.31 incorporation of the relief association so provide. The bylaws or articles of incorporation  
8.32 may define a "month," but the definition must require a calendar month to have at least 16  
8.33 days of active service. If the bylaws or articles of incorporation do not define a "month," a  
8.34 "month" is a completed calendar month of active service measured from the member's  
8.35 date of entry to the same date in the subsequent month.



9.1 (e) At the time of retirement under subdivision 2 and any applicable provision of the  
9.2 bylaws of the relief association, a retiring member is entitled to that portion of the assets  
9.3 of the special fund to the credit of the member in the individual member account which is  
9.4 nonforfeitable under subdivision 3 and any applicable provision of the bylaws of the relief  
9.5 association based on the number of years of service to the credit of the retiring member.

9.6 (f) Annually, the secretary of the relief association shall certify the individual  
9.7 account allocations to the state auditor at the same time that the annual financial statement  
9.8 or financial report and audit of the relief association, whichever applies, is due under  
9.9 section 69.051.

9.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

9.11 Sec. 7. Minnesota Statutes 2013 Supplement, section 424A.016, subdivision 6, is  
9.12 amended to read:

9.13 Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled  
9.14 to a deferred service pension if the member separates from active service and membership  
9.15 and has completed the minimum service and membership requirements in subdivision 2.  
9.16 The requirement that a member separate from active service and membership is waived  
9.17 for persons who have discontinued their volunteer firefighter duties and who are employed  
9.18 on a full-time basis under section 424A.015, subdivision 1.

9.19 (b) The deferred service pension is payable when the former member reaches at  
9.20 least age 50, or at least the minimum age specified in the bylaws governing the relief  
9.21 association if that age is greater than age 50, and when the former member makes a valid  
9.22 written application.

9.23 (c) A defined contribution relief association may, if its governing bylaws so provide,  
9.24 credit interest or additional investment performance on the deferred lump-sum service  
9.25 pension during the period of deferral. If provided for in the bylaws, the interest must be  
9.26 paid:

9.27 (1) at the investment performance rate actually earned on that portion of the assets  
9.28 if the deferred benefit amount is invested by the relief association in a separate account  
9.29 established and maintained by the relief association;

9.30 (2) at the investment performance rate actually earned on that portion of the assets  
9.31 if the deferred benefit amount is invested in a separate investment vehicle held by the  
9.32 relief association; or

9.33 (3) at the investment return on the assets of the special fund of the defined contribution  
9.34 volunteer firefighter relief association in proportion to the share of the assets of the special

10.1 fund to the credit of each individual deferred member account through the accounting date  
10.2 on which the investment return is recognized by and credited to the special fund.

10.3 (d) Unless the bylaws of a relief association that has elected to pay interest or  
10.4 additional investment performance on deferred lump-sum service pensions under  
10.5 paragraph (c) specifies a different interest or additional investment performance method,  
10.6 including the interest or additional investment performance period starting date and ending  
10.7 date, the interest or additional investment performance on a deferred service pension  
10.8 is creditable as follows:

10.9 (1) for a relief association that has elected to pay interest or additional investment  
10.10 performance under paragraph (c), clause (1) or (3), beginning on the date that the  
10.11 member separates from active service and membership and ending on the accounting  
10.12 date immediately before the deferred member commences receipt of the deferred service  
10.13 pension; or

10.14 (2) for a relief association that has elected to pay interest or additional investment  
10.15 performance under paragraph (c), clause (2), beginning on the date that the member  
10.16 separates from active service and membership and ending on the date that the separate  
10.17 investment vehicle is valued immediately before the date on which the deferred member  
10.18 commences receipt of the deferred service pension.

10.19 ~~(e) The deferred service pension is governed by and must be calculated under~~  
10.20 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
10.21 ~~association bylaw provisions applicable on the date on which the member separated from~~  
10.22 ~~active service with the fire department and active membership in the relief association.~~

10.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

10.24 Sec. 8. Minnesota Statutes 2012, section 424A.016, subdivision 7, is amended to read:

10.25 Subd. 7. **Limitation on ancillary benefits.** (a) A defined contribution relief  
10.26 association may only pay an ancillary benefit which would constitute an authorized  
10.27 disbursement as specified in section 424A.05. The ancillary benefit for active members  
10.28 must equal the vested and nonvested amount of the individual account of the member.

10.29 (b) For deferred members, the ancillary benefit must equal the vested amount of  
10.30 the individual account of the member. For the recipient of installment payments of a  
10.31 service pension, the ancillary benefit must equal the remaining balance in the individual  
10.32 account of the recipient.

10.33 (c) If the bylaws permit and as defined by the bylaws, the relief association may pay  
10.34 an ancillary benefit to, or on behalf of, a member who is not active or deferred.

11.1 (d)(1) If a survivor or death benefit is payable under the articles of incorporation or  
 11.2 bylaws, the benefit must be paid:

11.3 (i) as a survivor benefit to the surviving spouse of the deceased firefighter;

11.4 (ii) as a survivor benefit to the surviving children of the deceased firefighter if no  
 11.5 surviving spouse;

11.6 (iii) as a survivor benefit to a designated beneficiary of the deceased firefighter if no  
 11.7 surviving spouse or surviving children; or

11.8 (iv) as a death benefit to the estate of the deceased active or deferred firefighter if no  
 11.9 surviving spouse, no surviving children, and no beneficiary designated.

11.10 (2) If there are no surviving children, the surviving spouse may waive, in writing,  
 11.11 wholly or partially, the spouse's entitlement to a survivor benefit.

11.12 ~~(d)~~ (e) For purposes of this section, for a defined contribution volunteer fire relief  
 11.13 association, a trust created under chapter 501B may be a designated beneficiary. If a trust  
 11.14 payable to the surviving children organized under chapter 501B has been established as  
 11.15 authorized by this section and there is no surviving spouse, the survivor benefit may be  
 11.16 paid to the trust, notwithstanding the requirements of this section.

11.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

11.18 Sec. 9. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 3, is  
 11.19 amended to read:

11.20 Subd. 3. **Flexible service pension maximums.** (a) Annually on or before August  
 11.21 1 as part of the certification of the financial requirements and minimum municipal  
 11.22 obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision  
 11.23 5, as applicable, the secretary or some other official of the relief association designated  
 11.24 in the bylaws of each defined benefit relief association shall calculate and certify to the  
 11.25 governing body of the applicable ~~qualified~~ municipality the average amount of available  
 11.26 financing per active covered firefighter for the most recent three-year period. The amount  
 11.27 of available financing includes any amounts of fire state aid received or receivable by the  
 11.28 relief association, any amounts of municipal contributions to the relief association raised  
 11.29 from levies on real estate or from other available revenue sources exclusive of fire state  
 11.30 aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief  
 11.31 association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2  
 11.32 and 4; or 424A.094, subdivision 2, if any.

11.33 (b) The maximum service pension which the defined benefit relief association has  
 11.34 authority to provide for in its bylaws for payment to a member retiring after the calculation

12.1 date when the minimum age and service requirements specified in subdivision 1 are met  
 12.2 must be determined using the table in paragraph (c) or (d), whichever applies.

12.3 (c) For a defined benefit relief association where the governing bylaws provide for  
 12.4 a monthly service pension to a retiring member, the maximum monthly service pension  
 12.5 amount per month for each year of service credited that may be provided for in the bylaws  
 12.6 is the greater of the service pension amount provided for in the bylaws on the date of the  
 12.7 calculation of the average amount of the available financing per active covered firefighter  
 12.8 or the maximum service pension figure corresponding to the average amount of available  
 12.9 financing per active covered firefighter:

12.10	Minimum Average Amount of Available	Maximum Service Pension Amount
12.11	Financing per Firefighter	Payable per Month for Each
12.12		Year of Service
12.13	\$ ...	\$ .25
12.14	41	.50
12.15	81	1.00
12.16	122	1.50
12.17	162	2.00
12.18	203	2.50
12.19	243	3.00
12.20	284	3.50
12.21	324	4.00
12.22	365	4.50
12.23	405	5.00
12.24	486	6.00
12.25	567	7.00
12.26	648	8.00
12.27	729	9.00
12.28	810	10.00
12.29	891	11.00
12.30	972	12.00
12.31	1053	13.00
12.32	1134	14.00
12.33	1215	15.00
12.34	1296	16.00
12.35	1377	17.00
12.36	1458	18.00
12.37	1539	19.00
12.38	1620	20.00
12.39	1701	21.00
12.40	1782	22.00
12.41	1823	22.50
12.42	1863	23.00

13.1	1944	24.00
13.2	2025	25.00
13.3	2106	26.00
13.4	2187	27.00
13.5	2268	28.00
13.6	2349	29.00
13.7	2430	30.00
13.8	2511	31.00
13.9	2592	32.00
13.10	2673	33.00
13.11	2754	34.00
13.12	2834	35.00
13.13	2916	36.00
13.14	2997	37.00
13.15	3078	38.00
13.16	3159	39.00
13.17	3240	40.00
13.18	3321	41.00
13.19	3402	42.00
13.20	3483	43.00
13.21	3564	44.00
13.22	3645	45.00
13.23	3726	46.00
13.24	3807	47.00
13.25	3888	48.00
13.26	3969	49.00
13.27	4050	50.00
13.28	4131	51.00
13.29	4212	52.00
13.30	4293	53.00
13.31	4374	54.00
13.32	4455	55.00
13.33	4536	56.00
13.34	<del>Effective beginning December 31, 2008</del>	
13.35	4617	57.00
13.36	4698	58.00
13.37	4779	59.00
13.38	4860	60.00
13.39	4941	61.00
13.40	5022	62.00
13.41	5103	63.00
13.42	5184	64.00
13.43	5265	65.00

14.1	<del>Effective beginning December 31, 2009</del>	
14.2	5346	66.00
14.3	5427	67.00
14.4	5508	68.00
14.5	5589	69.00
14.6	5670	70.00
14.7	5751	71.00
14.8	5832	72.00
14.9	5913	73.00
14.10	5994	74.00
14.11	<del>Effective beginning December 31, 2010</del>	
14.12	6075	75.00
14.13	6156	76.00
14.14	6237	77.00
14.15	6318	78.00
14.16	6399	79.00
14.17	6480	80.00
14.18	6561	81.00
14.19	6642	82.00
14.20	6723	83.00
14.21	<del>Effective beginning December 31, 2011</del>	
14.22	6804	84.00
14.23	6885	85.00
14.24	6966	86.00
14.25	7047	87.00
14.26	7128	88.00
14.27	7209	89.00
14.28	7290	90.00
14.29	7371	91.00
14.30	7452	92.00
14.31	<del>Effective beginning December 31, 2012</del>	
14.32	7533	93.00
14.33	7614	94.00
14.34	7695	95.00
14.35	7776	96.00
14.36	7857	97.00
14.37	7938	98.00
14.38	8019	99.00
14.39	8100	100.00
14.40	any amount in excess of	
14.41	8100	100.00

14.42 (d) For a defined benefit relief association in which the governing bylaws provide  
 14.43 for a lump-sum service pension to a retiring member, the maximum lump-sum service

15.1 pension amount for each year of service credited that may be provided for in the bylaws is  
 15.2 the greater of the service pension amount provided for in the bylaws on the date of the  
 15.3 calculation of the average amount of the available financing per active covered firefighter  
 15.4 or the maximum service pension figure corresponding to the average amount of available  
 15.5 financing per active covered firefighter for the applicable specified period:

15.6	Minimum Average Amount of Available	Maximum Lump-Sum Service
15.7	Financing per Firefighter	Pension Amount Payable for
15.8		Each Year of Service
15.9	\$ ...	\$ 10
15.10	11	20
15.11	16	30
15.12	23	40
15.13	27	50
15.14	32	60
15.15	43	80
15.16	54	100
15.17	65	120
15.18	77	140
15.19	86	160
15.20	97	180
15.21	108	200
15.22	131	240
15.23	151	280
15.24	173	320
15.25	194	360
15.26	216	400
15.27	239	440
15.28	259	480
15.29	281	520
15.30	302	560
15.31	324	600
15.32	347	640
15.33	367	680
15.34	389	720
15.35	410	760
15.36	432	800
15.37	486	900
15.38	540	1000
15.39	594	1100
15.40	648	1200
15.41	702	1300
15.42	756	1400
15.43	810	1500

16.1	864	1600
16.2	918	1700
16.3	972	1800
16.4	1026	1900
16.5	1080	2000
16.6	1134	2100
16.7	1188	2200
16.8	1242	2300
16.9	1296	2400
16.10	1350	2500
16.11	1404	2600
16.12	1458	2700
16.13	1512	2800
16.14	1566	2900
16.15	1620	3000
16.16	1672	3100
16.17	1726	3200
16.18	1753	3250
16.19	1780	3300
16.20	1820	3375
16.21	1834	3400
16.22	1888	3500
16.23	1942	3600
16.24	1996	3700
16.25	2023	3750
16.26	2050	3800
16.27	2104	3900
16.28	2158	4000
16.29	2212	4100
16.30	2265	4200
16.31	2319	4300
16.32	2373	4400
16.33	2427	4500
16.34	2481	4600
16.35	2535	4700
16.36	2589	4800
16.37	2643	4900
16.38	2697	5000
16.39	2751	5100
16.40	2805	5200
16.41	2859	5300
16.42	2913	5400
16.43	2967	5500



17.1	3021	5600
17.2	3075	5700
17.3	3129	5800
17.4	3183	5900
17.5	3237	6000
17.6	3291	6100
17.7	3345	6200
17.8	3399	6300
17.9	3453	6400
17.10	3507	6500
17.11	3561	6600
17.12	3615	6700
17.13	3669	6800
17.14	3723	6900
17.15	3777	7000
17.16	3831	7100
17.17	3885	7200
17.18	3939	7300
17.19	3993	7400
17.20	4047	7500
17.21	<del>Effective beginning December 31, 2008</del>	
17.22	4101	7600
17.23	4155	7700
17.24	4209	7800
17.25	4263	7900
17.26	4317	8000
17.27	4371	8100
17.28	4425	8200
17.29	4479	8300
17.30	<del>Effective beginning December 31, 2009</del>	
17.31	4533	8400
17.32	4587	8500
17.33	4641	8600
17.34	4695	8700
17.35	4749	8800
17.36	4803	8900
17.37	4857	9000
17.38	4911	9100
17.39	<del>Effective beginning December 31, 2010</del>	
17.40	4965	9200
17.41	5019	9300
17.42	5073	9400
17.43	5127	9500

18.1	5181	9600
18.2	5235	9700
18.3	5289	9800
18.4	5343	9900
18.5	5397	10,000
18.6	any amount in excess of	
18.7	5397	10,000

18.8 (e) For a defined benefit relief association in which the governing bylaws provide  
 18.9 for a monthly benefit service pension as an alternative form of service pension payment  
 18.10 to a lump-sum service pension, the maximum service pension amount for each pension  
 18.11 payment type must be determined using the applicable table contained in this subdivision.

18.12 (f) If a defined benefit relief association establishes a service pension in compliance  
 18.13 with the applicable maximum contained in paragraph (c) or (d) and the minimum average  
 18.14 amount of available financing per active covered firefighter is subsequently reduced  
 18.15 because of a reduction in fire state aid or because of an increase in the number of active  
 18.16 firefighters, the relief association may continue to provide the prior service pension  
 18.17 amount specified in its bylaws, but may not increase the service pension amount until  
 18.18 the minimum average amount of available financing per firefighter under the table in  
 18.19 paragraph (c) or (d), whichever applies, permits.

18.20 (g) No defined benefit relief association is authorized to provide a service pension in  
 18.21 an amount greater than the largest applicable flexible service pension maximum amount  
 18.22 even if the amount of available financing per firefighter is greater than the financing  
 18.23 amount associated with the largest applicable flexible service pension maximum.

18.24 (h) The method of calculating service pensions must be applied uniformly for all  
 18.25 years of active service. Credit must be given for all years of active service except for caps  
 18.26 on service credit if so provided in the bylaws of the relief association.

18.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

18.28 Sec. 10. Minnesota Statutes 2013 Supplement, section 424A.02, subdivision 7, is  
 18.29 amended to read:

18.30 Subd. 7. **Deferred service pensions.** (a) A member of a defined benefit relief  
 18.31 association is entitled to a deferred service pension if the member separates from active  
 18.32 service and membership and has completed the minimum service and membership  
 18.33 requirements in subdivision 1. The requirement that a member separate from active service  
 18.34 and membership is waived for persons who have discontinued their volunteer firefighter  
 18.35 duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

19.1 (b) The deferred service pension is payable when the former member reaches at  
19.2 least age 50, or at least the minimum age specified in the bylaws governing the relief  
19.3 association if that age is greater than age 50, and when the former member makes a valid  
19.4 written application.

19.5 (c) A defined benefit relief association that provides a lump-sum service pension  
19.6 governed by subdivision 3 may, when its governing bylaws so provide, pay interest on the  
19.7 deferred lump-sum service pension during the period of deferral. If provided for in the  
19.8 bylaws, interest must be paid in one of the following manners:

19.9 (1) at the investment performance rate actually earned on that portion of the assets  
19.10 if the deferred benefit amount is invested by the relief association in a separate account  
19.11 established and maintained by the relief association;

19.12 (2) at the investment performance rate actually earned on that portion of the assets  
19.13 if the deferred benefit amount is invested in a separate investment vehicle held by the  
19.14 relief association; or

19.15 (3) at an interest rate of up to five percent, compounded annually, as set by the  
19.16 board of trustees.

19.17 (d) Any change in the interest rate set by the board of ~~directors~~ trustees under  
19.18 paragraph (c), clause (3), must be ratified by the governing body of the municipality  
19.19 served by the fire department to which the relief association is directly associated, or by  
19.20 the independent nonprofit firefighting corporation, as applicable.

19.21 (e) Interest under paragraph (c), clause (3), is payable beginning on the January 1  
19.22 next following the date on which the deferred service pension interest rate as set by the  
19.23 board of trustees was ratified by the governing body of the municipality served by the fire  
19.24 department to which the relief association is directly associated, or by the independent  
19.25 nonprofit firefighting corporation, as applicable.

19.26 (f) Unless the bylaws of a relief association that has elected to pay interest or  
19.27 additional investment performance on deferred lump-sum service pensions under  
19.28 paragraph (c) specifies a different interest or additional investment performance method,  
19.29 including the interest or additional investment performance period starting date and ending  
19.30 date, the interest or additional investment performance on a deferred service pension  
19.31 is creditable as follows:

19.32 (1) for a relief association that has elected to pay interest or additional investment  
19.33 performance under paragraph (c), clause (1) or (3), beginning on the first day of the  
19.34 month next following the date on which the member separates from active service and  
19.35 membership and ending on the last day of the month immediately before the month in  
19.36 which the deferred member commences receipt of the deferred service pension; or

20.1 (2) for a relief association that has elected to pay interest or additional investment  
 20.2 performance under paragraph (c), clause (2), beginning on the date that the member  
 20.3 separates from active service and membership and ending on the date that the separate  
 20.4 investment vehicle is valued immediately before the date on which the deferred member  
 20.5 commences receipt of the deferred service pension.

20.6 (g) For a deferred service pension that is transferred to a separate account established  
 20.7 and maintained by the relief association or separate investment vehicle held by the relief  
 20.8 association, the deferred member bears the full investment risk subsequent to transfer and  
 20.9 in calculating the accrued liability of the volunteer firefighters relief association that pays  
 20.10 a lump-sum service pension, the accrued liability for deferred service pensions is equal  
 20.11 to the separate relief association account balance or the fair market value of the separate  
 20.12 investment vehicle held by the relief association.

20.13 ~~(h) The deferred service pension is governed by and must be calculated under~~  
 20.14 ~~the general statute, special law, relief association articles of incorporation, and relief~~  
 20.15 ~~association bylaw provisions applicable on the date on which the member separated from~~  
 20.16 ~~active service with the fire department and active membership in the relief association.~~

20.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

20.18 Sec. 11. Minnesota Statutes 2012, section 424A.08, is amended to read:

20.19 **424A.08 MUNICIPALITY WITHOUT RELIEF ASSOCIATION;**  
 20.20 **AUTHORIZED DISBURSEMENTS.**

20.21 (a) Any ~~qualified~~ municipality which is entitled to receive fire state aid but which  
 20.22 has no volunteer firefighters' relief association directly associated with its fire department  
 20.23 and which has no full-time firefighters with retirement coverage by the public employees  
 20.24 police and fire retirement plan shall deposit the fire state aid in a special account  
 20.25 established for that purpose in the municipal treasury. Disbursement from the special  
 20.26 account may not be made for any purpose except:

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

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

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

21.1 (b) A ~~qualified~~ municipality which is entitled to receive fire state aid, which has no  
 21.2 volunteer firefighters' relief association directly associated with its fire department, which  
 21.3 does not participate in the voluntary statewide lump-sum volunteer firefighter retirement  
 21.4 plan under chapter 353G, and which has full-time firefighters with retirement coverage  
 21.5 by the public employees police and fire retirement plan may disburse the fire state aid as  
 21.6 provided in paragraph (a), for the payment of the employer contribution requirement with  
 21.7 respect to firefighters covered by the public employees police and fire retirement plan under  
 21.8 section 353.65, subdivision 3, or for a combination of the two types of disbursements.

21.9 (c) A municipality that has no volunteer firefighters' relief association directly  
 21.10 associated with it and that participates in the voluntary statewide lump-sum volunteer  
 21.11 firefighter retirement plan under chapter 353G shall transmit any fire state aid that it  
 21.12 receives to the voluntary statewide lump-sum volunteer firefighter retirement fund.

21.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.14 Sec. 12. Minnesota Statutes 2013 Supplement, section 424A.092, subdivision 6,  
 21.15 is amended to read:

21.16 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of  
 21.17 the relief association does not have a surplus over full funding under subdivision 3,  
 21.18 paragraph (c), clause (5), and if the municipality is required to provide financial support  
 21.19 to the special fund of the relief association under this section, the adoption of or any  
 21.20 amendment to the articles of incorporation or bylaws of a relief association which  
 21.21 increases or otherwise affects the retirement coverage provided by or the service pensions  
 21.22 or retirement benefits payable from the special fund of any relief association to which this  
 21.23 section applies is not effective until it is ratified by the governing body of the municipality  
 21.24 ~~in which the relief association is located~~ served by the fire department to which the  
 21.25 relief association is directly associated or by the independent nonprofit firefighting  
 21.26 corporation, as applicable, and the officers of a relief association shall not seek municipal  
 21.27 ratification prior to preparing and certifying an estimate of the expected increase in the  
 21.28 accrued liability and annual accruing liability of the relief association attributable to the  
 21.29 amendment. If the special fund of the relief association has a surplus over full funding  
 21.30 under subdivision 3, paragraph (c), clause (5), and if the municipality is not required to  
 21.31 provide financial support to the special fund of the relief association under this section,  
 21.32 the relief association may adopt or amend its articles of incorporation or bylaws which  
 21.33 increase or otherwise affect the retirement coverage provided by or the service pensions  
 21.34 or retirement benefits payable from the special fund of the relief association which are  
 21.35 effective without municipal ratification so long as this does not cause the amount of the

22.1 resulting increase in the accrued liability of the special fund of the relief association to  
 22.2 exceed 90 percent of the amount of the surplus over full funding reported in the prior year  
 22.3 and this does not result in the financial requirements of the special fund of the relief  
 22.4 association exceeding the expected amount of the future fire state aid to be received by  
 22.5 the relief association as determined by the board of trustees following the preparation  
 22.6 of an estimate of the expected increase in the accrued liability and annual accruing  
 22.7 liability of the relief association attributable to the change. If a relief association adopts or  
 22.8 amends its articles of incorporation or bylaws without municipal ratification under this  
 22.9 subdivision, and, subsequent to the amendment or adoption, the financial requirements  
 22.10 of the special fund of the relief association under this section are such so as to require  
 22.11 financial support from the municipality, the provision which was implemented without  
 22.12 municipal ratification is no longer effective without municipal ratification and any service  
 22.13 pensions or retirement benefits payable after that date may be paid only in accordance with  
 22.14 the articles of incorporation or bylaws as amended or adopted with municipal ratification.

22.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

22.16 Sec. 13. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 2,  
 22.17 is amended to read:

22.18 Subd. 2. **Determination of actuarial condition and funding costs.** A relief  
 22.19 association to which this section applies shall obtain an actuarial valuation showing the  
 22.20 condition of the special fund of the relief association as of December 31, 1978, and at  
 22.21 least as of December 31 every four years thereafter. The valuation shall be prepared in  
 22.22 accordance with the provisions of sections 356.215, subdivision 8, and 356.216 and any  
 22.23 applicable standards for actuarial work established by the Legislative Commission on  
 22.24 Pensions and Retirement, except that the figure for normal cost shall be expressed as a  
 22.25 level dollar amount, and the amortization contribution shall be the level dollar amount  
 22.26 calculated to amortize any current unfunded accrued liability by at least the date of full  
 22.27 funding specified in subdivision 4, clause (b). Each valuation shall be filed with the  
 22.28 governing body of the municipality ~~in which the relief association is located~~ served by the  
 22.29 fire department to which the relief association is directly associated or by the independent  
 22.30 nonprofit firefighting corporation, as applicable, and with the state auditor, not later than  
 22.31 July 1 of the year next following the date as of which the actuarial valuation is prepared.  
 22.32 Any relief association which is operating under a special law which requires that actuarial  
 22.33 valuations be obtained at least every four years and be prepared in accordance with  
 22.34 applicable actuarial standards set forth in statute may continue to have actuarial valuations

23.1 made according to the time schedule set forth in the special legislation subject to the  
 23.2 provisions of subdivision 3.

23.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

23.4 Sec. 14. Minnesota Statutes 2013 Supplement, section 424A.093, subdivision 6,  
 23.5 is amended to read:

23.6 Subd. 6. **Municipal ratification for plan amendments.** If the special fund of the  
 23.7 relief association does not have a surplus over full funding under subdivision 4, and  
 23.8 if the municipality is required to provide financial support to the special fund of the  
 23.9 relief association under this section, the adoption of or any amendment to the articles of  
 23.10 incorporation or bylaws of a relief association which increases or otherwise affects the  
 23.11 retirement coverage provided by or the service pensions or retirement benefits payable  
 23.12 from the special fund of any relief association to which this section applies is not effective  
 23.13 until it is ratified by the governing body of the municipality ~~in which the relief association~~  
 23.14 ~~is located~~ served by the fire department to which the relief association is directly associated  
 23.15 or by the independent nonprofit firefighting corporation, as applicable. If the special  
 23.16 fund of the relief association has a surplus over full funding under subdivision 4, and if  
 23.17 the municipality is not required to provide financial support to the special fund of the  
 23.18 relief association under this section, the relief association may adopt or amend its articles  
 23.19 of incorporation or bylaws which increase or otherwise affect the retirement coverage  
 23.20 provided by or the service pensions or retirement benefits payable from the special fund  
 23.21 of the relief association which are effective without municipal ratification so long as this  
 23.22 does not cause the amount of the resulting increase in the accrued liability of the special  
 23.23 fund of the relief association to exceed 90 percent of the amount of the surplus over full  
 23.24 funding reported in the prior year and this does not result in the financial requirements of  
 23.25 the special fund of the relief association exceeding the expected amount of the future fire  
 23.26 state aid to be received by the relief association as determined by the board of trustees  
 23.27 following the preparation of an updated actuarial valuation including the proposed change  
 23.28 or an estimate of the expected actuarial impact of the proposed change prepared by the  
 23.29 actuary of the relief association. If a relief association adopts or amends its articles of  
 23.30 incorporation or bylaws without municipal ratification pursuant to this subdivision, and,  
 23.31 subsequent to the amendment or adoption, the financial requirements of the special fund  
 23.32 of the relief association under this section are such so as to require financial support from  
 23.33 the municipality, the provision which was implemented without municipal ratification is  
 23.34 no longer effective without municipal ratification and any service pensions or retirement

24.1 benefits payable after that date may be paid only in accordance with the articles of  
24.2 incorporation or bylaws as amended or adopted with municipal ratification.

24.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.4 Sec. 15. Minnesota Statutes 2013 Supplement, section 424A.094, subdivision 2,  
24.5 is amended to read:

24.6 Subd. 2. **Determination of actuarial condition and funding costs.** Each  
24.7 independent nonprofit firefighting corporation to which this section applies shall determine  
24.8 the actuarial condition and the funding costs of the subsidiary relief association using  
24.9 the following procedure:

24.10 (1) An independent nonprofit firefighting corporation which has a subsidiary relief  
24.11 association which pays a monthly benefit service pension shall procure an actuarial  
24.12 valuation of the special fund of the subsidiary relief association at the same times and  
24.13 in the same manner as specified in section 424A.093, subdivisions 2 and 3, and an  
24.14 independent nonprofit firefighting corporation which has a subsidiary relief association  
24.15 which pays a lump-sum service pension shall determine the accrued liability of the special  
24.16 fund of the relief association in accordance with section 424A.092, subdivision 2.

24.17 (2) The financial requirements of the special fund of the subsidiary relief association  
24.18 which pays a monthly benefit service pension shall be determined in the same manner  
24.19 as specified in section 424A.093, subdivision 4, and the financial requirements of the  
24.20 special fund of the subsidiary relief association shall be determined in the same manner as  
24.21 specified in section 424A.092, subdivision 3.

24.22 (3) The minimum obligation of the independent nonprofit firefighting corporation on  
24.23 behalf of the special fund of the subsidiary relief association shall be determined in the  
24.24 same manner as specified in section 424A.092, subdivision 4, or 424A.093, subdivision 5,  
24.25 as applicable.

24.26 (4) The independent nonprofit firefighting corporation shall appropriate annually  
24.27 from the income of the corporation an amount at least equal to the minimum obligation  
24.28 of the independent nonprofit firefighting corporation on behalf of the special fund of  
24.29 the subsidiary relief association.

24.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

24.31 Sec. 16. Minnesota Statutes 2013 Supplement, section 424A.10, subdivision 2, is  
24.32 amended to read:



25.1           Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer  
 25.2 firefighters' relief association or by the voluntary statewide lump-sum volunteer firefighter  
 25.3 retirement plan of a lump-sum distribution to a qualified recipient, the association must  
 25.4 pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the  
 25.5 contrary, the relief association must pay the supplemental benefit out of its special fund  
 25.6 and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay  
 25.7 the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter  
 25.8 retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum  
 25.9 distribution that is paid on the basis of the recipient's service as a volunteer firefighter.  
 25.10 In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental  
 25.11 benefit under this paragraph may not be paid to a survivor of a deceased active or deferred  
 25.12 volunteer firefighter in that capacity.

25.13           (b) Upon the payment by a relief association or the retirement plan of a lump-sum  
 25.14 survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased  
 25.15 deferred volunteer firefighter, the association must pay a supplemental survivor benefit to  
 25.16 the survivor of the deceased active or deferred volunteer firefighter from the special fund  
 25.17 of the relief association and the retirement plan must pay a supplemental survivor benefit  
 25.18 to the survivor of the deceased active or deferred volunteer firefighter from the retirement  
 25.19 fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20  
 25.20 percent of the survivor benefit, but not to exceed \$2,000.

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

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

25.27           **EFFECTIVE DATE.** This section is effective the day following final enactment.

25.28           Sec. 17. Minnesota Statutes 2012, section 424B.12, is amended to read:

25.29           **424B.12 MIXED CONSOLIDATING RELIEF ASSOCIATIONS; BENEFIT**  
 25.30 **PLAN; FUNDING.**

25.31           Subdivision 1. **Applicability.** This section applies where one or more of the  
 25.32 volunteer firefighters' relief associations involved in the consolidation are defined benefit  
 25.33 relief associations as defined in section 424A.001, subdivision 1b, and one or more of

26.1 the volunteer firefighters' relief associations involved in the consolidation are defined  
26.2 contribution relief associations as defined in section 424A.001, subdivision 1c.

26.3 Subd. 2. **Benefit plan.** The articles of incorporation or bylaws of the successor  
26.4 relief association must specify whether the relief association is a defined benefit relief  
26.5 association or whether the relief association is a defined contribution relief association. If  
26.6 the successor relief association is a defined benefit relief association, the relief association  
26.7 benefits must comply with sections 424A.02 and ~~424B.11, subdivision 1a~~ 424B.10. If  
26.8 the successor relief association is a defined contribution relief association, the relief  
26.9 association must comply with sections 424A.016 and ~~424B.12~~ 424B.11, subdivision 2.

26.10 Subd. 3. **Funding.** If the successor relief association is a defined benefit relief  
26.11 association, the relief association funding is governed by section ~~424B.11~~ 424B.10,  
26.12 subdivision 2. If the successor relief association is a defined contribution relief association,  
26.13 the relief association funding is governed by section ~~424B.12~~ 424B.11, subdivision 3.

26.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.