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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4297

03/09/2020 Authored by Freiberg and O'Driscoll The bill was read for the first time and referred to the Committee on Government Operations

1.1 A bill for an act
1.2 relating to retirement; Public Employees Retirement Association statewide volunteer
1.3 firefighter plan; making administrative changes; amending Minnesota Statutes
1.4 2018, sections 353G.01, by adding a subdivision; 353G.05, subdivisions 1, 5, by
1.5 adding a subdivision; 353G.09, subdivision 3, by adding a subdivision; 353G.11,
1.6 subdivision 2; 353G.121.

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

1.8 Section 1. Minnesota Statutes 2018, section 353G.01, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 6a. Governing body. "Governing body" means the governing body of a
1.11 municipality or independent nonprofit firefighting corporation or, in the case of a joint
1.12 powers entity, the governing bodies of the municipalities associated with the joint powers
1.13 entity.

1.14 Sec. 2. Minnesota Statutes 2018, section 353G.05, subdivision 1, is amended to read:

1.15 Subdivision 1. **Coverage.** ~~Any~~ (a) A relief association or a municipality or independent
1.16 nonprofit firefighting corporation affiliated with a relief association may elect to have its
1.17 volunteer firefighters covered by the lump-sum retirement division or the monthly benefit
1.18 retirement division of the retirement plan, ~~whichever applies.~~

1.19 (b) A municipality or independent nonprofit firefighting corporation that is not affiliated
1.20 with a relief association may elect to have its volunteer firefighters covered by the lump-sum
1.21 retirement division of the retirement plan.

2.1 Sec. 3. Minnesota Statutes 2018, section 353G.05, subdivision 5, is amended to read:

2.2 Subd. 5. **Finalization; coverage transfer.** ~~Upon receipt of (a) The executive director~~  
 2.3 shall deliver the cost analysis requested under subdivision 2 or 3, to the board of trustees  
 2.4 of the relief association, if one exists, and the governing body of the municipality or  
 2.5 independent nonprofit firefighting corporation associated with the fire department shall  
 2.6 either approve or disapprove the retirement coverage change.

2.7 (b) The transfer of coverage to the retirement plan is considered approved if, within 120  
 2.8 days of receipt of the cost analysis, the transfer is approved by both (1) the board of trustees  
 2.9 of the relief association, if one exists, and (2) the governing body. If the retirement coverage  
 2.10 change is not acted upon governing body does not take action to approve the transfer within  
 2.11 120 days, it is deemed to be disapproved of receipt of the cost analysis, the transfer is not  
 2.12 approved.

2.13 (c) If the retirement coverage change transfer is approved by the applicable governing  
 2.14 body, coverage by the voluntary statewide volunteer firefighter retirement plan is effective  
 2.15 on the January 1 next following the approval date of approval by the last governing body.

2.16 Sec. 4. Minnesota Statutes 2018, section 353G.05, is amended by adding a subdivision to  
 2.17 read:

2.18 Subd. 6. **Joint powers entities.** If transfer of coverage to the retirement plan is being  
 2.19 requested for volunteer firefighters that provide services to a fire department operated as  
 2.20 or by a joint powers entity, whenever an election or approval by or delivery to the governing  
 2.21 body of a municipality is required under this section, all municipalities that executed the  
 2.22 joint powers agreement must execute the election or approval or receive delivery, unless  
 2.23 the joint powers agreement specifies another process be followed in order for the action of  
 2.24 a joint powers entity to be effective.

2.25 Sec. 5. Minnesota Statutes 2018, section 353G.09, subdivision 3, is amended to read:

2.26 Subd. 3. **Alternative lump-sum pension eligibility and computation.** (a) An active  
 2.27 member of the lump-sum retirement division of the retirement plan is entitled to an alternative  
 2.28 lump-sum service pension from the retirement plan if the person:

2.29 (1) has separated from active service with the fire department for at least 30 days;

2.30 (2) has attained the age of at least 50 years or the age for receipt of a service pension  
 2.31 under the benefit plan of the applicable former volunteer firefighter relief association as of

3.1 the date immediately before the election of the retirement coverage change, whichever is  
3.2 later;

3.3 (3) has completed at least five years of active service with the fire department and at  
3.4 least five years in total as a member of the applicable former volunteer firefighter relief  
3.5 association or of the lump-sum retirement division of the retirement plan, but has not rendered  
3.6 at least five years of good time service credit as a member of the lump-sum retirement  
3.7 division of the plan; and

3.8 (4) applies in a manner prescribed by the executive director for the service pension.

3.9 (b) If retirement coverage before statewide retirement plan coverage was provided to  
3.10 an active member by a defined benefit ~~lump-sum retirement plan~~ ~~volunteer firefighter relief~~  
3.11 ~~association, as defined in section 424A.001, subdivision 1b,~~ the alternative lump-sum service  
3.12 pension is:

3.13 (1) the service pension ~~amount~~ level specified in the bylaws of the applicable former  
3.14 volunteer firefighter relief association ~~either~~ as of the date immediately before the election  
3.15 of the retirement coverage change ~~or as of the date immediately before the termination of~~  
3.16 ~~firefighting services, whichever is earlier;~~ multiplied by ~~the total number of~~

3.17 (2) either full years of service or years and months of service, as specified in the bylaws,  
3.18 as a member of that volunteer firefighter relief association and as a member of the retirement  
3.19 plan; multiplied by

3.20 (3) the non-forfeitable percentage of the service pension to which the member is entitled  
3.21 under subdivision 2.

3.22 (c) If retirement coverage before statewide retirement plan coverage was provided to an  
3.23 active member by a defined contribution ~~plan~~ ~~volunteer firefighter relief association,~~ as  
3.24 defined in section 424A.001, subdivision 1c, the alternative lump-sum service pension is  
3.25 ~~an amount equal to that portion of:~~

3.26 (1) the person's account balance ~~that the person was vested for~~ as of the date immediately  
3.27 before the ~~date on which statewide retirement plan coverage was first provided to the person~~  
3.28 election of the retirement coverage change; multiplied by

3.29 (2) the non-forfeitable percentage of the account balance to which the person is entitled  
3.30 under subdivision 2; plus

3.31 (3) six percent annual compound interest from ~~that~~ the date immediately before the  
3.32 election of the retirement coverage change until the date immediately before the date of  
3.33 retirement.

4.1 Sec. 6. Minnesota Statutes 2018, section 353G.09, is amended by adding a subdivision to  
4.2 read:

4.3 Subd. 4. **Authorization for payment; deferred service pensions from former volunteer**  
4.4 **firefighter relief association.** A person who had the status of deferred member with a  
4.5 former volunteer firefighter relief association as of the date immediately before the election  
4.6 of the retirement coverage change is entitled to a service pension from the retirement plan  
4.7 when the person becomes eligible under the bylaws of the applicable former volunteer  
4.8 firefighter relief association as of the date immediately before the termination of firefighting  
4.9 services. The service pension payable will be the amount as determined by the former relief  
4.10 association pursuant to chapter 424A.

4.11 Sec. 7. Minnesota Statutes 2018, section 353G.11, subdivision 2, is amended to read:

4.12 Subd. 2. **Lump-sum retirement division level selection.** After the transfer of retirement  
4.13 coverage to the lump-sum retirement division of the retirement plan, the governing body  
4.14 or bodies of the entity or entities operating the fire department whose firefighters are covered  
4.15 by the retirement plan may request A cost estimate from the executive director of an increase  
4.16 in the service pension level applicable to the active firefighters of the fire department may  
4.17 be requested by: (1) the fire chief of a department that has active membership covered by  
4.18 the lump-sum retirement division; or (2) the governing body operating a fire department  
4.19 that has active membership covered by the lump-sum retirement division. Within 120 days  
4.20 of the receipt of the cost estimate prepared by the executive director using a procedure  
4.21 certified as accurate by the approved actuary retained by the Public Employees Retirement  
4.22 Association, the governing body ~~or bodies~~ may approve the service pension level change,  
4.23 effective for January 1 of the following calendar year unless the governing body ~~or bodies~~  
4.24 ~~specify~~ specifies in the approved approval document an effective date as ~~the~~ that is January  
4.25 1 of the second year following the ~~level increase~~ approval date. If the approval occurs after  
4.26 April 30, the required municipal contribution for the following calendar year must be  
4.27 recalculated and the results reported to the ~~municipality or municipalities~~ governing body.  
4.28 If not approved ~~in a timely fashion~~ within 120 days of the receipt of the cost estimate, the  
4.29 service pension level change is considered to have been disapproved.

5.1 Sec. 8. Minnesota Statutes 2018, section 353G.121, is amended to read:

5.2 **353G.121 MONTHLY BENEFIT RETIREMENT DIVISION; POST-TRANSFER**  
5.3 **BENEFIT PLAN DOCUMENT MODIFICATIONS.**

5.4 (a) The fire chief of a fire department that has an active membership who are covered  
5.5 by the monthly benefit retirement division of the statewide ~~retirement~~ volunteer firefighter  
5.6 plan may initiate the process of modifying the retirement benefit plan document under this  
5.7 section.

5.8 (b) The modification procedure is initiated when the applicable fire chief files with the  
5.9 executive director of the Public Employees Retirement Association a written summary of  
5.10 the desired benefit plan document modification, the proposed benefit plan document  
5.11 modification language, a written request for the preparation of an actuarial cost estimate  
5.12 for the proposed benefit plan document modification, and payment of the estimated cost of  
5.13 the actuarial cost estimate.

5.14 (c) Upon receipt of the modification request and related documents, the executive director  
5.15 shall review the language of the proposed benefit plan document modification and, if a  
5.16 clarification is needed in the submitted language, shall inform the fire chief of the necessary  
5.17 clarification. Once the proposed benefit plan document modification language has been  
5.18 clarified by the fire chief and resubmitted to the executive director, the executive director  
5.19 shall arrange for the approved actuary retained by the Public Employees Retirement  
5.20 Association to prepare a benefit plan document modification cost estimate under the  
5.21 applicable provisions of section 356.215 and of the standards for actuarial work adopted  
5.22 by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit  
5.23 plan document modification cost estimate, the executive director shall forward the estimate  
5.24 to the fire chief who requested it and to the chief financial officer of the municipality or  
5.25 entity with which the fire department is primarily associated.

5.26 (d) The fire chief, upon receipt of the cost estimate, shall circulate the cost estimate with  
5.27 the active firefighters in the fire department and shall take reasonable steps to provide the  
5.28 estimate results to any affected retired members of the fire department and their beneficiaries.  
5.29 The chief financial officer of the municipality or entity associated with the fire department  
5.30 shall present the proposed modification language and the cost estimate to the governing  
5.31 body of the municipality or entity for its consideration at a public hearing held for that  
5.32 purpose.

5.33 (e) If the governing body of the municipality or entity approves the modification language,  
5.34 the chief administrative officer of the municipality or entity shall notify the executive director

6.1 of the Public Employees Retirement Association of that approval. The benefit plan document  
6.2 modification is effective on the January 1 next following the date of filing the approval with  
6.3 the Public Employees Retirement Association ~~and the state auditor.~~

6.4 Sec. 9. **REVISOR INSTRUCTION.**

6.5 In Minnesota Statutes, the revisor of statutes shall substitute the term "statewide volunteer  
6.6 firefighter plan" for "voluntary statewide volunteer firefighter retirement plan" and the term  
6.7 "statewide volunteer firefighter fund" for "voluntary statewide volunteer firefighter retirement  
6.8 fund" wherever the terms refer to the retirement plan and fund established under Minnesota  
6.9 Statutes, chapter 353G.

6.10 Sec. 10. **EFFECTIVE DATE.**

6.11 Sections 1 to 9 are effective the day following final enactment.