

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5039

03/20/2024

Authored by Cha

The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act

1.2 relating to retirement; Public Employees Retirement Association, statewide

1.3 volunteer firefighter plan; adding a defined contribution plan; reducing the

1.4 frequency of determining funding requirements for fire department accounts in

1.5 the lump-sum division from annually to biennially; clarifying that firefighters with

1.6 previous service in other fire departments may request service credit for vesting

1.7 purposes; making other technical and administrative changes; amending Minnesota

1.8 Statutes 2022, sections 352.1155, subdivision 3; 353G.01, subdivisions 9, 9a, 11,

1.9 by adding subdivisions; 353G.05, as amended; 353G.08, subdivision 2; Minnesota

1.10 Statutes 2023 Supplement, sections 353G.01, subdivisions 7b, 8b, 12, 12a, 14a,

1.11 15; 353G.02, subdivisions 1, 3, 4; 353G.03, subdivision 3; 353G.07; 353G.08,

1.12 subdivision 1; 353G.09, subdivisions 1, 1a; 353G.10; 353G.11, subdivision 2, by

1.13 adding a subdivision; 353G.115; 353G.12, subdivision 2, by adding a subdivision;

1.14 353G.14; proposing coding for new law in Minnesota Statutes, chapter 353G;

1.15 repealing Minnesota Statutes 2022, section 353G.01, subdivision 10; Minnesota

1.16 Statutes 2023 Supplement, sections 353G.01, subdivisions 7a, 8a; 353G.02,

1.17 subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, 4; 353G.112;

1.18 353G.121.

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

1.20 Section 1. Minnesota Statutes 2022, section 352.1155, subdivision 3, is amended to read:

1.21 Subd. 3. **Service credit prohibition.** Notwithstanding any law to the contrary, a person

1.22 eligible under this section may not, based on employment to which the waiver in this section

1.23 applies, earn further service credit in a Minnesota public defined benefit plan and is not

1.24 eligible to participate in a Minnesota public defined contribution plan, other than a ~~volunteer~~

1.25 ~~fire plan~~ firefighter relief association governed by chapter 424A or the defined contribution

1.26 plan under section 353G.01, subdivision 4b. No employer or employee contribution to any

1.27 of these plans may be made on behalf of such a person.

1.28 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.1 Sec. 2. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
2.2 read:

2.3 Subd. 2a. **Association.** "Association" means the Public Employees Retirement Association
2.4 established under chapter 353.

2.5 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.6 Sec. 3. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
2.7 read:

2.8 Subd. 4a. **Defined contribution fund.** "Defined contribution fund" means that portion
2.9 of the fund consisting of the assets attributable to the defined contribution plan.

2.10 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.11 Sec. 4. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
2.12 read:

2.13 Subd. 4b. **Defined contribution plan.** "Defined contribution plan" means the plan that
2.14 is one of the two plans that comprise the statewide volunteer firefighter plan. The defined
2.15 contribution plan provides each member with a retirement benefit equal to the member's
2.16 individual account balance, to which state aid, contributions, forfeitures, and investment
2.17 earnings and losses have been credited.

2.18 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.19 Sec. 5. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
2.20 read:

2.21 Subd. 4c. **Defined benefit fund.** "Defined benefit fund" means that portion of the fund
2.22 consisting of the assets attributable to the defined benefit plan.

2.23 **EFFECTIVE DATE.** This section is effective January 1, 2025.

2.24 Sec. 6. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
2.25 read:

2.26 Subd. 4d. **Defined benefit plan.** "Defined benefit plan" means the plan that is one of
2.27 the two plans that comprise the statewide volunteer firefighter plan. The defined benefit
2.28 plan provides each member with a retirement benefit that is either a lump sum or a monthly
2.29 pension in an amount determined by using a formula that takes into account years of service,

3.1 vesting percentage, and the benefit level for the member's fire department. The defined
3.2 benefit plan consists of the lump-sum division and the monthly division.

3.3 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.4 Sec. 7. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
3.5 read:

3.6 Subd. 5a. **Fire department account.** "Fire department account" means the account in
3.7 the name of each participating employer to which is credited the assets and, in the case of
3.8 a participating employer in the defined benefit plan, the liabilities related to the retirement
3.9 benefits for members who are or were providing service to the participating employer.

3.10 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.11 Sec. 8. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
3.12 read:

3.13 Subd. 5b. **Firefighting corporation.** "Firefighting corporation" means an independent
3.14 nonprofit firefighting corporation that is organized under the provisions of chapter 317A
3.15 and that operates primarily for firefighting purposes.

3.16 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.17 Sec. 9. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision to
3.18 read:

3.19 Subd. 5c. **Forfeiture.** "Forfeiture" means the portion of an account or pension benefit
3.20 that is forfeited when a volunteer firefighter ends service before becoming 100 percent
3.21 vested in the account or pension benefit.

3.22 **EFFECTIVE DATE.** This section is effective January 1, 2025.

3.23 Sec. 10. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision
3.24 to read:

3.25 Subd. 6b. **Individual account.** "Individual account" means the account in a fire
3.26 department account in the defined contribution plan established for a member under section
3.27 353G.082 to which allocations are credited and from which deductions are taken under
3.28 section 353G.082.

3.29 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.1 Sec. 11. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 7b, is amended
4.2 to read:

4.3 Subd. 7b. **Lump-sum division.** "Lump-sum division" means the division of the defined
4.4 benefit plan governed by section 353G.11.

4.5 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.6 Sec. 12. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 8b, is amended
4.7 to read:

4.8 Subd. 8b. **Monthly benefit division.** "Monthly benefit division" means the division of
4.9 the defined benefit plan governed by section 353G.112.

4.10 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.11 Sec. 13. Minnesota Statutes 2022, section 353G.01, subdivision 9, is amended to read:

4.12 Subd. 9. **Municipality.** "Municipality" means ~~a governmental entity specified in section~~
4.13 ~~477B.01, subdivision 10,~~ a city or township that has established a fire department, a city or
4.14 township that has entered into a contract with an independent nonprofit a firefighting
4.15 corporation, or a city or township that has entered into a contract with a joint powers entity
4.16 ~~established~~ under section 471.59 that has established or operates a fire department.

4.17 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.18 Sec. 14. Minnesota Statutes 2022, section 353G.01, subdivision 9a, is amended to read:

4.19 Subd. 9a. **Relief association.** "Relief association" means a ~~volunteer firefighter relief~~
4.20 association established as defined under chapter 424A, including a volunteer firefighter
4.21 ~~relief association to which records, assets, and liabilities related to lump-sum or monthly~~
4.22 ~~benefits for active and former firefighters will be transferred from the retirement fund upon~~
4.23 ~~satisfaction of the requirements of section 353G.17~~ 424A.001, subdivision 4.

4.24 **EFFECTIVE DATE.** This section is effective January 1, 2025.

4.25 Sec. 15. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision
4.26 to read:

4.27 Subd. 9b. **Normal retirement age.** "Normal retirement age" means age 50.

4.28 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.1 Sec. 16. Minnesota Statutes 2022, section 353G.01, is amended by adding a subdivision
5.2 to read:

5.3 Subd. 9c. **Participating employer.** "Participating employer" means the municipality or
5.4 firefighting corporation that has joined the retirement plan and is associated with a fire
5.5 department with volunteer firefighters who are covered by the retirement plan.

5.6 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.7 Sec. 17. Minnesota Statutes 2022, section 353G.01, subdivision 11, is amended to read:

5.8 Subd. 11. **Retirement fund.** "Retirement fund" means the statewide volunteer firefighter
5.9 fund established under section 353G.02, subdivision 3, consisting of the defined contribution
5.10 fund and the defined benefit fund.

5.11 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.12 Sec. 18. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12, is amended
5.13 to read:

5.14 Subd. 12. **Retirement plan.** "Retirement plan" or "plan" means the ~~retirement~~ statewide
5.15 volunteer firefighter plan, either the lump-sum division or the monthly benefit division
5.16 consisting of the defined contribution plan and the defined benefit plan, established by this
5.17 chapter.

5.18 **EFFECTIVE DATE.** This section is effective January 1, 2025.

5.19 Sec. 19. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 12a, is
5.20 amended to read:

5.21 Subd. 12a. **Service credit.** "Service credit" means the period of service rendered by a
5.22 volunteer firefighter that is certified under section 353G.07 by the fire chief of the fire
5.23 department in which the volunteer firefighter serves. ~~A volunteer firefighter's service credit~~
5.24 ~~equals all periods of service with any fire department covered by the plan.~~

5.25 **EFFECTIVE DATE.** This section is effective July 1, 2024.

5.26 Sec. 20. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 14a, is
5.27 amended to read:

5.28 Subd. 14a. **Vesting service credit.** "Vesting service credit" means service credit plus
5.29 any earlier period of service rendered as a volunteer firefighter, as defined in subdivision
5.30 15, in another fire department covered by the plan or in a fire department in the state that

6.1 was not covered by the plan at the time the service was rendered. ~~The earlier period of~~
 6.2 ~~service must be certified by the fire chief of the fire department covered by the plan in a~~
 6.3 ~~manner similar to the requirements of section 353G.07. The volunteer firefighter must~~
 6.4 ~~provide documentation in a form acceptable to the executive director regarding the earlier~~
 6.5 ~~period of service.~~

6.6 **EFFECTIVE DATE.** This section is effective July 1, 2024.

6.7 Sec. 21. Minnesota Statutes 2023 Supplement, section 353G.01, subdivision 15, is amended
 6.8 to read:

6.9 Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is ~~an active~~
 6.10 a member of the fire department of a municipality or an independent nonprofit a firefighting
 6.11 corporation and who, in that capacity, on either a volunteer or on-call basis, engages in:

6.12 (1) fire suppression or prevention activities; provides;

6.13 (2) emergency response services;

6.14 (3) emergency medical response activities; or delivers

6.15 (4) fire education or prevention services on an on-call basis supervises personnel engaged
 6.16 in any of the foregoing.

6.17 **EFFECTIVE DATE.** This section is effective January 1, 2025.

6.18 Sec. 22. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 1, is amended
 6.19 to read:

6.20 Subdivision 1. **Retirement plan.** The statewide volunteer firefighter plan, consisting of
 6.21 a lump-sum division defined contribution plan and a monthly benefit division defined benefit
 6.22 plan, is created established.

6.23 **EFFECTIVE DATE.** This section is effective January 1, 2025.

6.24 Sec. 23. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 3, is amended
 6.25 to read:

6.26 Subd. 3. **Retirement fund.** (a) The statewide volunteer firefighter fund, ~~consisting of a~~
 6.27 lump-sum account and a monthly benefit account, is created established. The retirement
 6.28 fund contains the assets attributable to the statewide volunteer firefighter defined contribution
 6.29 plan and the defined benefit plan.

7.1 (b) The State Board of Investment shall invest those portions of the retirement fund not
 7.2 required for immediate purposes in the ~~statewide lump-sum volunteer firefighter plan in~~
 7.3 ~~the~~ statewide volunteer firefighter account of the Minnesota supplemental investment fund
 7.4 under section 11A.17.

7.5 (c) The commissioner of management and budget is the ex officio treasurer of the
 7.6 ~~statewide volunteer firefighter~~ retirement fund. The commissioner of management and
 7.7 budget's general bond to the state covers all liability for actions taken as the treasurer of the
 7.8 retirement fund.

7.9 (d) The revenues of the plan beyond investment returns are governed by section 353G.08
 7.10 and must be deposited in the fund. The disbursements of the plan are governed by section
 7.11 353G.08. The commissioner of management and budget shall transmit a detailed statement
 7.12 showing all credits to and disbursements from the retirement fund to the executive director
 7.13 monthly.

7.14 **EFFECTIVE DATE.** This section is effective January 1, 2025.

7.15 Sec. 24. Minnesota Statutes 2023 Supplement, section 353G.02, subdivision 4, is amended
 7.16 to read:

7.17 Subd. 4. **Periodic audit; biennial actuarial valuation; biennial funding report.** (a)
 7.18 The legislative auditor shall periodically audit the ~~statewide volunteer firefighter~~ retirement
 7.19 fund.

7.20 (b) The executive director must retain an approved actuary under section 356.214 to
 7.21 perform biennial actuarial valuation valuations of each fire department account in the
 7.22 lump-sum monthly division of the statewide volunteer firefighter plan may be performed
 7.23 periodically as determined to be appropriate or useful by the board. An actuarial valuation
 7.24 of the monthly benefit division of the statewide volunteer firefighter plan must be performed
 7.25 as frequently as required by government sector generally accepted accounting standards.
 7.26 An. The actuarial valuation must be performed by the approved actuary retained under
 7.27 section 356.214 and must conform with section 356.215 and the standards for actuarial
 7.28 work. An The actuarial valuation must contain sufficient detail for each participating
 7.29 employing entity employer to ascertain the actuarial condition of its account in the retirement
 7.30 fund and the amount of its required contribution requirement towards its to the account.

7.31 (c) The executive director must perform biennial funding assessments of each fire
 7.32 department account in the lump-sum division. The assessment must comply with section
 7.33 353G.08, subdivision 1.

8.1 **EFFECTIVE DATE.** This section is effective January 1, 2025.

8.2 Sec. 25. Minnesota Statutes 2023 Supplement, section 353G.03, subdivision 3, is amended
8.3 to read:

8.4 Subd. 3. **Composition.** (a) The advisory board consists of ten members.

8.5 (b) The advisory board members are:

8.6 (1) one representative of Minnesota townships, appointed by the Minnesota Association
8.7 of Townships;

8.8 (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;

8.9 (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the
8.10 Minnesota State Fire Chiefs Association;

8.11 (4) two representatives of Minnesota volunteer firefighters, ~~all~~ who are active volunteer
8.12 firefighters, one of whom is covered by the lump-sum division and one of whom is covered
8.13 by the monthly ~~benefit~~ division, appointed by the Minnesota State Fire Chiefs Association;

8.14 (5) three representatives of Minnesota volunteer firefighters ~~who are~~, at least one of
8.15 whom is covered by the lump-sum division of the defined benefit plan and at least one of
8.16 whom is covered by the defined contribution plan, appointed by the Minnesota State Fire
8.17 Departments Association; and

8.18 (6) one representative of the Office of the State Auditor, designated by the state auditor.

8.19 **EFFECTIVE DATE.** This section is effective January 1, 2027.

8.20 Sec. 26. Minnesota Statutes 2022, section 353G.05, as amended by Laws 2023, chapter
8.21 47, article 10, section 9, is amended to read:

8.22 **353G.05 PLAN COVERAGE ELECTION.**

8.23 Subdivision 1. **Entities eligible to request coverage.** ~~(a)~~ A relief association ~~or a~~
8.24 municipality, ~~or independent nonprofit~~ firefighting corporation ~~affiliated with a relief~~
8.25 ~~association~~ may elect to have its volunteer firefighters covered by the ~~lump-sum division,~~
8.26 ~~if the volunteer firefighters for whom coverage is being requested are covered by a relief~~
8.27 ~~association that is a lump-sum defined benefit relief association or a defined contribution~~
8.28 ~~relief association governed by chapter 424A~~ retirement plan.

8.29 ~~(b) A relief association or a municipality or independent nonprofit firefighting corporation~~
8.30 ~~affiliated with a relief association may elect to have its volunteer firefighters covered by~~

9.1 ~~the lump-sum division or the monthly benefit division of the retirement plan, if the volunteer~~
 9.2 ~~firefighters for whom coverage is being requested are covered by a relief association that~~
 9.3 ~~is a monthly benefit defined benefit relief association governed by chapter 424A.~~

9.4 ~~(c) A municipality or independent nonprofit firefighting corporation that is not affiliated~~
 9.5 ~~with a relief association may elect to have its volunteer firefighters covered by the lump-sum~~
 9.6 ~~division of the plan.~~

9.7 Subd. 1a. **Requesting coverage.** (a) An entity that is eligible under subdivision 1 to
 9.8 make a request for coverage may initiate the process of obtaining coverage by filing a request
 9.9 with the executive director, as described in this subdivision.

9.10 (b) The request for coverage must be in writing and on a form prescribed by the executive
 9.11 director.

9.12 (c) If the request for coverage is for volunteer firefighters covered by a relief association
 9.13 retirement plan, the secretary of the relief association, following approval of the request by
 9.14 the board of trustees of the relief association, and the chief administrative officer of the
 9.15 entity affiliated with the relief association, following approval of the request by the governing
 9.16 body of the entity, must jointly make the request. If the relief association is affiliated with
 9.17 more than one entity, the chief administrative officer of each affiliated entity must execute
 9.18 the request.

9.19 (d) If the request for coverage is for volunteer firefighters who are not covered by a
 9.20 relief association retirement plan, the chief administrative officer of the entity operating the
 9.21 fire department must make the request.

9.22 Subd. 1b. **Selection of plan and division.** (a) In the request for coverage, the entity must
 9.23 select coverage by either the defined benefit plan or the defined contribution plan.

9.24 (b) If the entity selects coverage by the defined benefit plan, the entity must select
 9.25 coverage by either the lump-sum division or the monthly division, except that the entity
 9.26 may select coverage by the monthly division only if the relief association with which the
 9.27 entity is affiliated is a defined benefit relief association, as defined under section 424A.001,
 9.28 subdivision 1b, that provides a monthly pension.

9.29 (c) If the entity selects coverage by the defined contribution plan and the relief association
 9.30 with which the entity is affiliated is a defined benefit relief association, as defined under
 9.31 section 424A.001, subdivision 1b, the defined benefit relief association must complete a
 9.32 conversion under section 353G.19 as part of the process of joining the retirement plan.

10.1 Subd. 1c. Selection of vesting schedule. ~~(e)~~ In the request for coverage, the entity must
10.2 ~~identify the desired service pension amount and~~ select a vesting schedule from the following
10.3 options:

10.4 (1) incremental vesting beginning with 40 percent vested after completing five years of
10.5 ~~active~~ service and increasing by four percent upon completion of each additional year of
10.6 ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service;

10.7 (2) incremental vesting beginning with 40 percent vested after completing five years of
10.8 ~~active~~ service and increasing by 12 percent upon completion of each additional year of
10.9 ~~active~~ service, until 100 percent vested upon completion of ten years of ~~active~~ service; or

10.10 (3) incremental vesting beginning with 40 percent vested after completing ten years of
10.11 ~~active~~ service and increasing by six percent upon completion of each additional year of
10.12 ~~active~~ service, until 100 percent vested upon completion of 20 years of ~~active~~ service.

10.13 The entity must not select a vesting schedule that requires more years of service to become
10.14 partially or fully vested than the vesting schedule in effect under the former affiliated relief
10.15 association, if any.

10.16 ~~(d) If the request for coverage is for volunteer firefighters covered by a monthly benefit~~
10.17 ~~defined benefit relief association, the entity making the request must elect coverage either~~
10.18 ~~by the monthly benefit division or by the lump-sum division.~~

10.19 ~~(e) If the request for coverage is for volunteer firefighters covered by a relief association~~
10.20 ~~that provides both a monthly benefit and a lump-sum benefit, the entity making the request~~
10.21 ~~must elect coverage by the monthly benefit division, the lump-sum division, or by both~~
10.22 ~~divisions.~~

10.23 ~~(f) If the request for coverage is for volunteer firefighters covered by a relief association~~
10.24 ~~with a plan governed by chapter 424A, the secretary of the relief association, following~~
10.25 ~~approval of the request by the board of the relief association, and the chief administrative~~
10.26 ~~officer of the entity affiliated with the relief association, following approval of the request~~
10.27 ~~by the governing body of the entity, must jointly make the request. If the relief association~~
10.28 ~~is affiliated with more than one entity, the chief administrative officer of each affiliated~~
10.29 ~~entity must execute the request.~~

10.30 ~~(g) If the request for coverage is for volunteer firefighters who are not covered by a~~
10.31 ~~relief association, the chief administrative officer of the entity operating the fire department~~
10.32 ~~must make the request.~~

11.1 Subd. 1d. Selection of benefit level. (a) If the request for coverage is for coverage by
 11.2 the defined benefit plan, the entity making the request must identify the desired benefit
 11.3 level.

11.4 (b) If the request for coverage is for the lump-sum division of the defined benefit plan,
 11.5 the benefit level identified must be no less than \$500 per full year of service credit and no
 11.6 more than the maximum amount permitted under section 424A.02, subdivision 3, per full
 11.7 year of service credit. Benefit levels between the minimum and maximum must be in \$100
 11.8 increments.

11.9 (c) If the request for coverage is for the monthly division of the defined benefit plan,
 11.10 the benefit level is the amount specified in the retirement benefit plan document applicable
 11.11 to the fire department.

11.12 Subd. 2. Cost analysis for coverage by the ~~lump-sum~~ lump-sum division of the
 11.13 defined benefit plan. (a) Upon receipt of a request for coverage by the ~~lump-sum division~~
 11.14 defined benefit plan, the executive director must prepare a cost analysis as described in this
 11.15 subdivision and deliver the cost analysis to the board of trustees of the relief association, if
 11.16 one exists, and the governing body.

11.17 (b) The cost analysis under this subdivision must be based on:

11.18 (1) ~~the service pension amount~~ benefit level under section 353G.11 closest to the ~~service~~
 11.19 ~~pension amount~~ benefit level provided by the relief association if the relief association is a
 11.20 lump-sum defined benefit plan, an amount that is equal to 95 percent of the most current
 11.21 average account balance per relief association member if the relief association is a defined
 11.22 contribution plan, or the lowest ~~service pension amount~~ benefit level under section 353G.11
 11.23 if there is no relief association, rounded up; and

11.24 (2) if different than the amount under clause (1), the ~~service pension amount~~ benefit
 11.25 level identified in the request under subdivision ~~1a~~ 1d.

11.26 (c) The cost analysis must take into account the vesting option selected in the request
 11.27 under subdivision ~~1a~~ 1c.

11.28 (d) The cost analysis must be prepared using a mathematical procedure certified as
 11.29 accurate by an approved actuary retained by the Public Employees Retirement Association.

11.30 (e) If the request for coverage was made by a relief association that has filed the
 11.31 information required under section 424A.014 in a timely fashion, upon request by the
 11.32 executive director, the state auditor shall provide the most recent data available on the
 11.33 financial condition of the relief association, the most recent firefighter demographic data

12.1 available, and a copy of the current relief association bylaws. If a cost analysis is requested,
 12.2 but no relief association exists, the chief administrative officer of the entity operating the
 12.3 fire department shall provide the demographic information on the volunteer firefighters
 12.4 serving as members of the fire department requested by the executive director.

12.5 Subd. 3. **Cost analysis for coverage by the monthly ~~benefit~~ division of the defined**
 12.6 **benefit plan.** (a) Upon receipt of a request for coverage by the monthly ~~benefit~~ division,
 12.7 the executive director must prepare a cost analysis as described in this subdivision and
 12.8 deliver the cost analysis to the board of trustees of the relief association, if one exists, and
 12.9 the governing body.

12.10 (b) The cost analysis under this subdivision must be prepared by the approved actuary
 12.11 retained by the Public Employees Retirement Association. The cost analysis must be based
 12.12 on:

12.13 (1) the monthly ~~service pension amount~~ benefit level and other retirement benefit types
 12.14 and amounts in effect for the relief association as of the date of the request;

12.15 (2) if different than the amount under clause (1), the monthly pension amount identified
 12.16 in the request under subdivision ~~1a~~ 1d and evaluated in a special actuarial valuation prepared
 12.17 under sections 356.215 and 356.216; and

12.18 (3) the standards for actuarial work and the actuarial assumptions utilized in the most
 12.19 recent actuarial valuation, except that the applicable investment return actuarial assumption
 12.20 is six percent.

12.21 (c) The cost analysis must take into account the vesting option selected in the request
 12.22 under subdivision ~~1a~~ 1c.

12.23 (d) The secretary of the relief association making the request must supply the demographic
 12.24 and financial data necessary for the cost analysis to be prepared.

12.25 Subd. 4. **Invested assets review.** ~~If a cost analysis is requested under subdivision 2 or~~
 12.26 ~~3,~~ The executive director of the State Board of Investment shall review the investment
 12.27 portfolio of the relief association retirement plan, if applicable one exists, for compliance
 12.28 with the applicable provisions of chapter 11A and for appropriateness for retention under
 12.29 the established investment objectives and investment policies of the State Board of
 12.30 Investment. If the prospective retirement coverage change is approved under subdivision
 12.31 5, the State Board of Investment may require that the relief association liquidate any
 12.32 investment security or other asset which the executive director of the State Board of
 12.33 Investment has determined to be an ineligible or inappropriate investment for retention by

13.1 the State Board of Investment. The security or asset liquidation must occur before the
 13.2 effective date of the transfer of plan coverage. If requested to do so by the chief administrative
 13.3 officer of the relief association, the executive director of the State Board of Investment shall
 13.4 provide advice about the best means to conduct the liquidation.

13.5 Subd. 5. **Finalization; coverage transfer.** (a) The transfer of coverage to the defined
 13.6 contribution plan is considered approved if, no later than 120 days after the filing of the
 13.7 request for coverage with the executive director shall deliver the cost analysis requested
 13.8 under subdivision 2 or 3 to, the transfer is approved by both (1) the board of trustees of the
 13.9 relief association, if one exists, and (2) the governing body. If either the governing body or
 13.10 the board of trustees of the relief association does not take action to approve the transfer
 13.11 within 120 days after the filing of the request for coverage, the transfer is not approved.

13.12 (b) The transfer of coverage to the defined benefit plan is considered approved if, ~~within~~
 13.13 no later than 120 days of after receipt of the cost analysis, the transfer is approved by both
 13.14 (1) the board of trustees of the relief association, if one exists, and (2) the governing body.
 13.15 If either the governing body or the board of trustees of the relief association does not take
 13.16 action to approve the transfer within 120 days of after receipt of the cost analysis, the transfer
 13.17 is not approved.

13.18 (c) If the transfer is approved, coverage by the plan is effective on the January 1 next
 13.19 following the date of approval by the last governing body or, if later, the date of approval
 13.20 by the board of trustees of the relief association.

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

13.28 **EFFECTIVE DATE.** This section is effective January 1, 2025.

13.29 Sec. 27. Minnesota Statutes 2023 Supplement, section 353G.07, is amended to read:

13.30 **353G.07 CERTIFICATION OF SERVICE CREDIT FOR PENSION BENEFIT**
 13.31 **ACCRUAL OR CONTRIBUTION ALLOCATION.**

13.32 (a) Annually, by March 31, the fire chief of ~~the~~ a fire department with volunteer
 13.33 firefighters who are active members of ~~either the lump-sum division or the monthly benefit~~

14.1 ~~division shall~~ retirement plan must certify to the executive director the service credit for
14.2 the previous calendar year of each volunteer firefighter rendering active service with the
14.3 fire department.

14.4 (b) The fire chief shall provide to each firefighter rendering active service with the fire
14.5 department notification of the amount of service credit rendered by the firefighter for the
14.6 calendar year. The service credit notification must be provided to the firefighter 60 days
14.7 before its certification to the executive director ~~of the Public Employees Retirement~~
14.8 ~~Association~~, along with an ~~indication~~ explanation of the process for the firefighter to
14.9 challenge the fire chief's determination of service credit. If the service credit amount is
14.10 challenged in a timely fashion, the fire chief shall hold a hearing on the challenge, accept
14.11 and consider any additional pertinent information, and make a final determination of service
14.12 credit. The final determination of service credit by the fire chief is not reviewable by the
14.13 executive director ~~of the Public Employees Retirement Association~~ or by the board of
14.14 trustees ~~of the Public Employees Retirement Association~~.

14.15 (c) The service credit certification is an official public document. If a false service credit
14.16 certification is filed or if false information regarding service credits is provided, section
14.17 353.19 applies.

14.18 (d) The service credit certification must be expressed as a percentage of a full year of
14.19 service during which an active firefighter rendered at least the minimum level and quantity
14.20 of fire suppression, emergency response, fire prevention, or fire education duties required
14.21 by the fire department under the rules and regulations applicable to the fire department. No
14.22 more than one year of service credit may be certified for a calendar year.

14.23 (e) If a firefighter covered by the retirement plan leaves active firefighting service to
14.24 render active military service that is required to be governed by the federal Uniformed
14.25 Services Employment and Reemployment Rights Act, as amended, the person must be
14.26 certified as providing a full year of service credit in each year of the military service, up to
14.27 the applicable limit of the federal Uniformed Services Employment and Reemployment
14.28 Rights Act. If the firefighter does not return from the military service in compliance with
14.29 the federal Uniformed Services Employment and Reemployment Rights Act, the service
14.30 credits applicable to that military service credit period are forfeited and cancel at the end
14.31 of the calendar year in which the federal law time limit occurs.

14.32 **EFFECTIVE DATE.** This section is effective January 1, 2025.

15.1 Sec. 28. **[353G.075] SERVICE CREDIT FOR VESTING.**

15.2 (a) Annually, the executive director must credit each volunteer firefighter with a year
 15.3 of service credit for vesting for each year of service credited for benefit accrual or
 15.4 contribution allocation under section 353G.07.

15.5 (b) A volunteer firefighter is entitled to receive service credit toward vesting in the
 15.6 retirement plan for any period of service as a volunteer firefighter, as defined under section
 15.7 353G.01, subdivision 15, rendered as a firefighter in a fire department in the state that was
 15.8 not covered by the retirement plan at the time the service was rendered if the firefighter
 15.9 submits a request to the executive director indicating the number of years and months of
 15.10 service for which credit is requested and provides documentation in a form acceptable to
 15.11 the executive director regarding the earlier period of service. The firefighter must submit a
 15.12 copy of the request and documentation to the fire chief of the fire department to which the
 15.13 firefighter is currently providing service.

15.14 (c) The executive director must credit a firefighter with all years of service as a member
 15.15 of the retirement plan for any participating employer for vesting purposes.

15.16 **EFFECTIVE DATE.** This section is effective July 1, 2024.

15.17 Sec. 29. Minnesota Statutes 2023 Supplement, section 353G.08, subdivision 1, is amended
 15.18 to read:

15.19 Subdivision 1. **Annual Biennial funding requirements reports; lump-sum division.** (a)
 15.20 ~~Annually,~~ The executive director ~~shall~~ must determine the funding requirements ~~of~~ for each
 15.21 fire department account in the lump-sum division ~~of the statewide volunteer firefighter plan~~
 15.22 on or before August 1 every other year. The funding requirements computed under this
 15.23 subdivision must be determined using a mathematical procedure developed and certified
 15.24 as accurate by the approved actuary retained by the ~~Public Employees Retirement~~ association
 15.25 and must be based on present value factors using a six percent investment return rate, without
 15.26 any decrement assumptions. ~~The funding requirements~~ executive director ~~must be certified~~
 15.27 provide written notice of the funding requirements to the entity or entities associated with
 15.28 the fire department whose active firefighters are covered by the plan.

15.29 (b) The overall funding balance of each ~~lump-sum~~ fire department account for the current
 15.30 calendar year must be determined in the following manner:

15.31 (1) The total accrued liability for all active and deferred members of the ~~account~~ fire
 15.32 department as of December 31 of the current year must be calculated based on the service
 15.33 credit of active and deferred members as of that date.

16.1 (2) The ~~total-present~~ assets of the fire department account projected to December 31 of
 16.2 the current year, including receipts by and disbursements from the account anticipated to
 16.3 occur on or before December 31, must be calculated. ~~To the extent possible,~~ The market
 16.4 executive director must begin phasing in the use of actuarial value of assets must be utilized
 16.5 in making this calculation beginning with the funding reports for 2026.

16.6 (3) The amount of the ~~total-present~~ assets calculated under clause (2) must be subtracted
 16.7 from the amount of the total accrued liability calculated under clause (1). If the amount of
 16.8 ~~total-present~~ the assets exceeds the amount of the total accrued liability, then the account
 16.9 is considered to have a surplus over full funding. If the amount of the ~~total-present~~ assets
 16.10 is less than the amount of the total accrued liability, then the account is considered to have
 16.11 a deficit from full funding. If the amount of ~~total-present~~ assets is equal to the amount of
 16.12 the total accrued liability, then the ~~special fund~~ account is considered to be fully funded.

16.13 (c) The financial requirements of each ~~lump-sum account~~ fire department for the following
 16.14 calendar year must be determined in the following manner:

16.15 (1) The total accrued liability for all active and deferred members of the ~~account~~ fire
 16.16 department as of December 31 of the calendar year next following the current calendar year
 16.17 must be calculated based on the service used in the calculation under paragraph (b), clause
 16.18 (1), increased by one year.

16.19 (2) The increase in the total accrued liability of the account for the following calendar
 16.20 year over the total accrued liability of the account for the current year must be calculated.

16.21 (3) The amount of administrative expenses of the account must be calculated by
 16.22 multiplying the per-person dollar amount of the administrative expenses for the most recent
 16.23 prior calendar year by the number of active and deferred firefighters reported to ~~PERA~~ the
 16.24 association on the most recent service credit certification form for ~~each~~ the account.

16.25 (4) If the account is fully funded, the financial requirement of the account for the
 16.26 following calendar year is the total of the amounts calculated under clauses (2) and (3).

16.27 (5) If the account has a deficit from full funding, the financial requirement of the account
 16.28 for the following calendar year is the total of the amounts calculated under clauses (2) and
 16.29 (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the
 16.30 account.

16.31 (6) If the account has a surplus over full funding, the financial requirement of the account
 16.32 for the following calendar year is the financial requirement of the account calculated as
 16.33 though the account was fully funded under clause (4) and, if the account has also had a

17.1 surplus over full funding during the prior two years, additionally reduced by an amount
17.2 equal to one-tenth of the amount of the surplus over full funding of the account.

17.3 (d) The required contribution of the entity or entities associated with the fire department
17.4 whose active firefighters are covered by the lump-sum division is the annual financial
17.5 requirements of the ~~lump-sum~~ fire department account of the plan under paragraph (c)
17.6 reduced by the amount of any fire state aid payable under chapter 477B or police and
17.7 firefighter retirement supplemental state aid payable under section 423A.022 that is
17.8 reasonably anticipated to be received by the retirement plan attributable to the entity or
17.9 entities during the following calendar year, and an amount of ~~interest~~ investment earnings
17.10 on the assets projected to be received during the following calendar year calculated at the
17.11 rate of six percent per annum. The required contribution must be allocated between the
17.12 entities if more than one entity is involved. A reasonable amount of anticipated fire state
17.13 aid is an amount that does not exceed the fire state aid ~~actually~~ received in the prior year
17.14 multiplied by the factor 1.035.

17.15 (e) The financial requirement for each fire department account in the lump-sum division
17.16 for the second year of the biennial valuation period must be in the amount determined in
17.17 paragraph (d) increased by six percent, but no more than the excess, if any, of the amount
17.18 determined under paragraph (c), clause (1), less the actual market value of assets in the fire
17.19 department account as of that date.

17.20 ~~(e)~~ (f) The required contribution calculated in paragraph (d) must be paid to the retirement
17.21 plan on or before December 31 of the year for which it was calculated. If the contribution
17.22 is not received by the plan by December 31, it is payable with interest at an annual compound
17.23 rate of six percent from the date due until the date payment is received by the plan. If the
17.24 entity does not pay the full amount of the required contribution, the executive director shall
17.25 collect the unpaid amount under section 353.28, subdivision 6.

17.26 **EFFECTIVE DATE.** This section is effective January 1, 2025.

17.27 Sec. 30. Minnesota Statutes 2022, section 353G.08, subdivision 2, is amended to read:

17.28 Subd. 2. **Cash flow funding requirement.** If the executive director determines that a
17.29 fire department account in the lump-sum ~~retirement~~ division or a the monthly benefit
17.30 retirement account in the statewide volunteer firefighter plan division has insufficient assets
17.31 to meet the service pensions expected to be payable from the account over the succeeding
17.32 two years, the executive director shall certify the amount of the potential service pension
17.33 shortfall to the ~~municipality or municipalities and the municipality or municipalities shall~~
17.34 participating employer, which must make an additional employer contribution to the account

18.1 within ten days of the certification. If more than one municipality participating employer
 18.2 is associated with the account, unless the municipalities participating employers agree to
 18.3 and implement a different allocation, the municipalities shall participating employers must
 18.4 allocate the additional employer contribution one-half in proportion to the population of
 18.5 each municipality participating employer and one-half in proportion to the estimated market
 18.6 value of the property of each municipality participating employer.

18.7 **EFFECTIVE DATE.** This section is effective January 1, 2025.

18.8 Sec. 31. **[353G.082] FUNDING OF FIRE DEPARTMENT ACCOUNTS AND**
 18.9 **ANNUAL ALLOCATION TO INDIVIDUAL ACCOUNTS IN THE DEFINED**
 18.10 **CONTRIBUTION PLAN.**

18.11 **Subdivision 1. Fire department accounts and individual accounts established.** (a)
 18.12 The executive director must establish a fire department account for each participating
 18.13 employer in the defined contribution plan that consists of individual accounts for the
 18.14 volunteer firefighters providing firefighting services to the participating employer.

18.15 (b) The executive director must establish an individual account within each fire
 18.16 department account for each volunteer firefighter covered by the defined contribution plan,
 18.17 to which the executive director must credit an allocation of state aid, contributions, forfeitures,
 18.18 and investment earnings and from which the executive director must deduct investment
 18.19 losses and administrative expenses.

18.20 **Subd. 2. State aid and contributions by the participating employer.** Notwithstanding
 18.21 any law to the contrary, the executive director must deposit in each fire department account
 18.22 in the defined contribution plan for allocation to individual accounts under subdivision 3:

18.23 (1) any fire state aid payable under chapter 477B or police and firefighter retirement
 18.24 supplemental state aid payable under section 423A.022 on behalf of the participating
 18.25 employer with which the fire department is associated; and

18.26 (2) any contributions from the participating employer with which the fire department is
 18.27 associated.

18.28 **Subd. 3. Annual allocation and deduction in equal shares.** (a) As of the end of each
 18.29 calendar year, the executive director must credit to the individual account of each firefighter
 18.30 providing services to a fire department and who did not leave firefighting service with the
 18.31 fire department during the calendar year an equal share of:

18.32 (1) any fire state aid payable under chapter 477B and police and firefighter retirement
 18.33 supplemental state aid payable under section 423A.022 received by the retirement fund that

19.1 is attributable to the participating employer associated with the fire department as soon as
19.2 practicable after the aid is received by the retirement fund;

19.3 (2) any contributions made by the participating employer to the retirement fund for the
19.4 benefit of the volunteer firefighters providing firefighting services to the participating
19.5 employer as soon as practicable after the contribution is received by the retirement fund;
19.6 and

19.7 (3) any forfeiture under section 353G.10, subdivision 4, attributable to a former volunteer
19.8 firefighter of the fire department.

19.9 (b) As of the end of each calendar year, the executive director must deduct an equal
19.10 share of administrative expenses from each individual account.

19.11 (c) As of the end of the calendar year, the executive director must allocate to the
19.12 individual account of a volunteer firefighter who has less than a full year of service a
19.13 fractional share of the amount that would have been allocated to the individual account for
19.14 a full year of service. The fractional amount is equal to the number of months of service
19.15 divided by twelve. A month will be credited if the volunteer firefighter was credited with
19.16 at least 16 days of service.

19.17 Subd. 4. **Investment earnings and losses.** The executive director must:

19.18 (1) credit investment earnings on the assets of each fire department account to each
19.19 individual account in proportion to the share of the assets of the fire department account
19.20 credited to the individual account; and

19.21 (2) deduct investment losses on the assets of each fire department account from each
19.22 individual account in proportion to the share of the assets of the fire department account
19.23 credited to the individual account.

19.24 **EFFECTIVE DATE.** This section is effective January 1, 2025.

19.25 Sec. 32. **[353G.085] AUTHORIZED DISBURSEMENTS.**

19.26 The assets of the retirement fund may be disbursed only as a distribution of lump-sum
19.27 retirement benefits, monthly retirement benefits, or individual accounts or for:

19.28 (1) administrative expenses of the retirement plan;

19.29 (2) investment expenses of the retirement fund;

19.30 (3) survivor benefits; and

19.31 (4) a transfer of assets under section 353G.17.

20.1 **EFFECTIVE DATE.** This section is effective January 1, 2025.

20.2 Sec. 33. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1, is amended
20.3 to read:

20.4 Subdivision 1. **Entitlement.** (a) A member ~~with at least one year of service credit with~~
20.5 ~~a fire department with active firefighters that are covered by the plan~~ is entitled to a retirement
20.6 benefit as defined in subdivision 1a from the fire department's account in the plan if the
20.7 member:

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

20.9 (2) has attained the normal retirement age ~~of at least 50 years~~;

20.10 (3) has satisfied the minimum service requirement in paragraph (b) or (c), as applicable;
20.11 and

20.12 (4) applies in a manner prescribed by the executive director.

20.13 (b) If the member is a member of the lump-sum division or the defined contribution
20.14 plan, the member satisfies the minimum service requirement if the member is at least 40
20.15 percent vested as determined under subdivision 2.

20.16 (c) If the member is a member of the monthly ~~benefit~~ division, the member satisfies the
20.17 minimum service requirement if the member has completed at least the minimum number
20.18 of years of service specified in the retirement benefit plan document applicable to the
20.19 member.

20.20 **EFFECTIVE DATE.** This section is effective January 1, 2025.

20.21 Sec. 34. Minnesota Statutes 2023 Supplement, section 353G.09, subdivision 1a, is amended
20.22 to read:

20.23 Subd. 1a. **Retirement benefit.** (a) A volunteer firefighter who is entitled to a ~~service~~
20.24 ~~pension~~ retirement benefit under subdivision 1 must receive a retirement benefit under
20.25 ~~subdivision 1~~, paragraph ~~(a) or (b), (c), or (d)~~, (c), or (d), as applicable.

20.26 (b) The retirement benefit of a member of the lump-sum division is equal to the number
20.27 of years of service credit certified under section 353G.07 for the member, multiplied by the
20.28 ~~service pension~~ benefit level applicable to the member under section 353G.11, multiplied
20.29 by the member's vested percentage under subdivision 2.

20.30 (c) The retirement benefit of a member of the monthly ~~benefit~~ division is equal to the
20.31 number of years of service credit certified under section 353G.07 for the member, multiplied

21.1 by the ~~service pension~~ benefit level applicable to the member under section 353G.112,
 21.2 multiplied by the member's vested percentage under subdivision 2.

21.3 (d) The retirement benefit of a member of the defined contribution plan is equal to the
 21.4 balance in the member's account in the plan as of the end of the month after the month in
 21.5 which the executive director receives the application for a distribution of the retirement
 21.6 benefit multiplied by the member's vested percentage under subdivision 2.

21.7 **EFFECTIVE DATE.** This section is effective January 1, 2025.

21.8 Sec. 35. Minnesota Statutes 2023 Supplement, section 353G.10, is amended to read:

21.9 **353G.10 DEFERRED LEAVING FIREFIGHTING SERVICE PENSION AMOUNT**
 21.10 **BEFORE REACHING NORMAL RETIREMENT AGE.**

21.11 Subdivision 1. **Entitlement to a retirement benefit, to the extent vested.** A person
 21.12 who was an active member of a fire department covered by either the lump-sum division
 21.13 or the monthly benefit division of the plan who has separated If a volunteer firefighter
 21.14 separates from active firefighting service for at least before reaching normal retirement age,
 21.15 the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement
 21.16 benefit under section 353G.09, subdivision 1a, as follows:

21.17 (1) if the volunteer firefighter is covered by the defined contribution plan, the volunteer
 21.18 firefighter is entitled to a distribution of the retirement benefit as soon as practicable after
 21.19 the volunteer firefighter submits an application for a distribution;

21.20 (2) if the volunteer firefighter is covered by the lump-sum division of the defined benefit
 21.21 plan, the volunteer firefighter is entitled to a distribution of the volunteer firefighter's
 21.22 retirement benefit after the volunteer firefighter has reached age 50 and as soon as practicable
 21.23 after the volunteer firefighter submits an application for a distribution; and

21.24 (3) if the volunteer firefighter is covered by the monthly benefit division of the defined
 21.25 benefit plan, the volunteer firefighter is entitled to begin a distribution of the volunteer
 21.26 firefighter's retirement benefit after the volunteer firefighter has reached age 50 and as soon
 21.27 as practicable after the volunteer firefighter submits an application for a distribution.

21.28 Subd. 2. **Application.** No earlier than 30 days ~~and who has completed at least five years~~
 21.29 of service credit, but has not attained the age of 50 years, is entitled to a deferred service
 21.30 pension ~~on or after attaining the age of 50 years and applying~~ after leaving active firefighting
 21.31 service, a volunteer firefighter entitled to a distribution under subdivision 1 must submit an
 21.32 application to the executive director in a manner specified by the executive director ~~for the~~

22.1 ~~service pension. The service pension payable is the nonforfeitable percentage of the service~~
 22.2 ~~pension under section 353G.09, subdivision 2, and is payable.~~

22.3 Subd. 3. Retirement benefit during period of deferral. (a) A volunteer firefighter's
 22.4 account in the defined contribution plan must continue to be invested with the rest of the
 22.5 assets of the individual accounts in the volunteer firefighter's fire department account and,
 22.6 until the account is distributed, credited with investment earnings or reduced by investment
 22.7 losses under section 353G.082, subdivision 4, and a deduction taken for an equal share of
 22.8 the administrative expenses under section 353G.082, subdivision 3, paragraph (b), until the
 22.9 volunteer firefighter's account is distributed.

22.10 (b) A volunteer firefighter's retirement benefit in the defined benefit plan must be retained
 22.11 in the defined benefit plan without any interest on or increase in the service pension over
 22.12 during the period of deferral.

22.13 Subd. 4. Forfeiture of accounts of volunteer firefighters who end service. (a) The
 22.14 portion of an account or pension benefit that is not vested is forfeited as of the earliest of:

22.15 (1) the last day of the calendar year that includes the fifth anniversary of the date on
 22.16 which the volunteer firefighter ended service;

22.17 (2) immediately upon receiving a lump-sum payment of the entire vested portion of the
 22.18 account or pension benefit; or

22.19 (3) immediately upon receiving the final payment consisting of the entire amount
 22.20 remaining in the account or pension benefit that is vested.

22.21 (b) A volunteer firefighter with a zero percent vested interest in the account or pension
 22.22 benefit is deemed to have received a distribution on the last day of service, and the account
 22.23 or pension benefit must immediately be forfeited.

22.24 (c) Amounts forfeited remain forfeited and must not be reinstated upon the resumption
 22.25 of service with the fire department or any other fire department covered by the retirement
 22.26 plan.

22.27 **EFFECTIVE DATE.** This section is effective January 1, 2025.

22.28 Sec. 36. Minnesota Statutes 2023 Supplement, section 353G.11, subdivision 2, is amended
 22.29 to read:

22.30 Subd. 2. Benefit level changes in the lump-sum division level selection of the defined
 22.31 benefit plan. (a) A fire department's fire chief or the governing body operating a fire
 22.32 department may request an increase in the benefit level as provided in this subdivision.

23.1 (b) The fire chief or governing body must request a cost estimate from the executive
 23.2 director of an increase in the service pension level applicable to the active firefighters of
 23.3 the fire department may be requested by: (1) the fire chief of a department that has active
 23.4 membership covered by the lump-sum division; or (2) the governing body operating a fire
 23.5 department that has active membership covered by the lump-sum division.

23.6 (c) The executive director must prepare the cost estimate using a procedure certified as
 23.7 accurate by the approved actuary retained by the association.

23.8 (d) Within 120 days of the receipt of after receiving the cost estimate prepared by from
 23.9 the executive director using a procedure certified as accurate by the approved actuary retained
 23.10 by the Public Employees Retirement Association, the governing body may approve the
 23.11 service pension benefit level change, effective for January 1 of the following calendar year
 23.12 unless the governing body specifies in the approval document an effective date that is
 23.13 January 1 of the second year following the approval date. If the approval occurs after April
 23.14 30, the required municipal contribution for the following calendar year must be recalculated
 23.15 and the results reported to the governing body. If not approved within 120 days of the receipt
 23.16 of the cost estimate, the service pension benefit level change is considered to have been
 23.17 disapproved.

23.18 **EFFECTIVE DATE.** This section is effective January 1, 2025.

23.19 Sec. 37. Minnesota Statutes 2023 Supplement, section 353G.11, is amended by adding a
 23.20 subdivision to read:

23.21 **Subd. 2a. Benefit level changes in the monthly division of the defined benefit plan.** (a)
 23.22 The fire chief of a fire department that has an active membership that is covered by the
 23.23 monthly benefit retirement division of the plan may initiate the process of modifying the
 23.24 retirement benefit plan document under this section.

23.25 (b) The modification procedure is initiated when the applicable fire chief files with the
 23.26 executive director of the Public Employees Retirement Association a written summary of
 23.27 the desired benefit plan document modification, the proposed benefit plan document
 23.28 modification language, a written request for the preparation of an actuarial cost estimate
 23.29 for the proposed benefit plan document modification, and payment of the estimated cost of
 23.30 the actuarial cost estimate.

23.31 (c) Upon receipt of the modification request and related documents, the executive director
 23.32 shall review the language of the proposed benefit plan document modification and, if a
 23.33 clarification is needed in the submitted language, shall inform the fire chief of the necessary

24.1 clarification. Once the proposed benefit plan document modification language has been
24.2 clarified by the fire chief and resubmitted to the executive director, the executive director
24.3 shall arrange for the approved actuary retained by the Public Employees Retirement
24.4 Association to prepare a benefit plan document modification cost estimate under the
24.5 applicable provisions of section 356.215 and of the standards for actuarial work adopted
24.6 by the Legislative Commission on Pensions and Retirement. Upon completion of the benefit
24.7 plan document modification cost estimate, the executive director shall forward the estimate
24.8 to the fire chief who requested it and to the chief financial officer of the municipality or
24.9 entity with which the fire department is primarily associated.

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

24.17 (e) If the governing body of the municipality or entity approves the modification language,
24.18 the chief administrative officer of the municipality or entity shall notify the executive director
24.19 of the Public Employees Retirement Association of that approval. The benefit plan document
24.20 modification is effective on the January 1 following the date of filing the approval with the
24.21 Public Employees Retirement Association.

24.22 **EFFECTIVE DATE.** This section is effective January 1, 2025.

24.23 Sec. 38. **[353G.114] ANCILLARY BENEFITS AND SUPPLEMENTAL BENEFITS.**

24.24 (a) Except as provided under paragraph (b) and sections 353G.115 and 353G.12, no
24.25 disability, death, funeral, or other ancillary benefit beyond a retirement benefit is payable
24.26 from the lump-sum division of the defined benefit plan or the defined contribution plan.

24.27 (b) Any member or survivor of a deceased member who receives a lump-sum distribution
24.28 of the member's retirement benefit from the lump-sum division of the defined benefit plan
24.29 or the defined contribution plan is entitled to a supplemental benefit under section 424A.10.

24.30 **EFFECTIVE DATE.** This section is effective January 1, 2025.

25.1 Sec. 39. Minnesota Statutes 2023 Supplement, section 353G.115, is amended to read:

25.2 **353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR CASUALTY**
 25.3 **DISABILITY INSURANCE.**

25.4 (a) Except as provided in paragraph (b) ~~or (e)~~, no disability benefit is payable from the
 25.5 ~~statewide~~ retirement plan.

25.6 ~~(b) If the board approves the arrangement, disability coverage for the lump-sum division~~
 25.7 ~~of the statewide plan members may be provided through a group disability insurance policy~~
 25.8 ~~obtained from an insurance company licensed to do business in this state. The lump-sum~~
 25.9 ~~retirement account of the statewide volunteer firefighter plan is authorized to pay the premium~~
 25.10 ~~for the disability insurance authorized by this paragraph. The proportional amount of the~~
 25.11 ~~total annual disability insurance premium must be added to the required contribution amount~~
 25.12 ~~determined under section 353G.08.~~

25.13 ~~(e)~~ (b) The disability benefit coverage for a fire department in the monthly benefit
 25.14 division is the disability service pension amount specified in the retirement benefit plan
 25.15 document applicable to the fire department, applicable former volunteer firefighter relief
 25.16 association affiliated with the fire department and in effect as of the last day before the date
 25.17 on which retirement coverage transferred to the statewide volunteer firefighter retirement
 25.18 plan, subject to all conditions and limitations in the disability service pension specified
 25.19 therein.

25.20 **EFFECTIVE DATE.** This section is effective January 1, 2025.

25.21 Sec. 40. Minnesota Statutes 2023 Supplement, section 353G.12, subdivision 2, is amended
 25.22 to read:

25.23 Subd. 2. **Lump-sum plan division; survivor benefit amount.** The amount of the
 25.24 survivor benefit for the lump-sum division is the amount of the ~~lump-sum service pension~~
 25.25 retirement benefit that would have been payable to the member of the lump-sum division
 25.26 on the date of death if the member had been age 50 or older on that date.

25.27 **EFFECTIVE DATE.** This section is effective January 1, 2025.

25.28 Sec. 41. Minnesota Statutes 2023 Supplement, section 353G.12, is amended by adding a
 25.29 subdivision to read:

25.30 Subd. 4. **Defined contribution plan; survivor benefit amount.** The amount of the
 25.31 survivor benefit for the defined contribution plan is the amount credited to the individual
 25.32 account of the deceased member on the date of death.

26.1 **EFFECTIVE DATE.** This section is effective January 1, 2025.

26.2 Sec. 42. Minnesota Statutes 2023 Supplement, section 353G.14, is amended to read:

26.3 **353G.14 DISTRIBUTIONS FROM LUMP-SUM DIVISION.**

26.4 Subdivision 1. **Lump sum.** ~~Unless a volunteer firefighter requests an annuity under~~
 26.5 ~~subdivision 2,~~ The executive director must distribute a the retirement benefit under section
 26.6 353G.09, subdivision 1a, of a member of the lump-sum service pension division of the
 26.7 defined benefit plan or the defined contribution plan in the form of a single lump-sum
 26.8 payment from the account of each fire department covered by the plan in which the volunteer
 26.9 firefighter earned a retirement benefit under section 353G.09.

26.10 Subd. 2. **Annuity Monthly payments.** ~~The executive director may purchase an annuity~~
 26.11 ~~contract on behalf of a volunteer firefighter retiring from the lump-sum division of the plan~~
 26.12 ~~with a total premium payment in an amount equal to the lump-sum service pension payable~~
 26.13 ~~under section 353G.09 if the purchase was requested by the volunteer firefighter in a manner~~
 26.14 ~~prescribed by the executive director. The annuity contract must be purchased from an~~
 26.15 ~~insurance carrier that is licensed to do business in this state. If purchased, the annuity contract~~
 26.16 ~~is in lieu of any service pension or other benefit from the lump-sum plan of the plan. The~~
 26.17 ~~annuity contract may be purchased at any time after the volunteer firefighter discontinues~~
 26.18 ~~active service, but the annuity contract must stipulate that no annuity amounts are payable~~
 26.19 ~~before the volunteer firefighter attains the age of 50. The executive director must distribute~~
 26.20 the retirement benefit under section 353G.09, subdivision 1a, of a member of the monthly
 26.21 division of the defined benefit plan in the form of monthly payments as authorized under
 26.22 the retirement benefit plan document for the fire department in which the member is
 26.23 employed or for which the member provides services.

26.24 **EFFECTIVE DATE.** This section is effective January 1, 2025.

26.25 Sec. 43. **[353G.19] CONVERSION TO DEFINED CONTRIBUTION PLAN.**

26.26 Subdivision 1. **Authority to initiate conversion.** (a) A participating employer associated
 26.27 with a fire department covered by the defined benefit plan, including an entity previously
 26.28 affiliated with a defined benefit relief association when the entity made a request for coverage
 26.29 by the defined contribution plan under section 353G.05, subdivision 1b, paragraph (c), may
 26.30 convert to coverage by the defined contribution plan in accordance with this section.

26.31 (b) Conversion from coverage by the defined benefit plan to coverage by the defined
 26.32 contribution plan consists of:

- 27.1 (1) a resolution by the governing body of the participating employer;
27.2 (2) notice to all former and active volunteer firefighters of the fire department;
27.3 (3) full vesting of all active and former volunteer firefighters with an accrued benefit in
27.4 the defined benefit plan attributable to service with the fire department; and
27.5 (4) allocation of surplus over full funding, if any, to individual accounts in the fire
27.6 department's new account in the defined contribution plan.

27.7 (c) For an entity previously affiliated with a defined benefit relief association when the
27.8 entity made a request for coverage by the defined contribution plan under section 353G.05,
27.9 subdivision 1b, paragraph (c), a conversion must occur under paragraph (b) immediately
27.10 after coverage by the retirement plan of the entity's fire department and the entity's volunteer
27.11 firefighters takes effect.

27.12 Subd. 2. **Resolutions by the governing body.** To initiate a conversion, the governing
27.13 body of the participating employer must file with the executive director at least 30 days
27.14 before the end of a calendar year:

27.15 (1) a resolution that states that the fire department elects to participate in the defined
27.16 contribution plan effective on conversion effective date, which is the first day of the next
27.17 calendar year; and

27.18 (2) if the fire department account had a deficit from full funding as defined under section
27.19 353G.08, subdivision 1, paragraph (c), or the special fund of the defined benefit relief
27.20 association had a deficit from full funding as defined in section 424A.092, subdivision 3,
27.21 paragraph (b), a resolution approving a contribution to the retirement plan in the amount
27.22 necessary to eliminate the deficit, which is to be paid within 30 days of the filing of the
27.23 resolution or in installments over three years, with the first payment to be made within 30
27.24 days of the filing of the resolution.

27.25 Subd. 3. **Notice to participants.** The participating employer must provide notice to all
27.26 active and former volunteer firefighters in the fire department at least 30 days before the
27.27 conversion effective date. The notice must include:

27.28 (1) an explanation that the plan is converting from a defined benefit plan to a defined
27.29 contribution plan, including definitions of those terms, on the conversion effective date and
27.30 that the active and former volunteer firefighters will become fully vested in their accrued
27.31 benefit as of the conversion effective date;

27.32 (2) a summary of the terms of the defined contribution plan;

28.1 (3) a section tailored to each volunteer firefighter that provides an estimate of the present
28.2 value of the participant's fully vested accrued benefit and the calculation that resulted in
28.3 that value;

28.4 (4) an estimate of any anticipated surplus and an explanation of the allocation of the
28.5 surplus; and

28.6 (5) contact information for the chief administrative officer or chief financial officer of
28.7 the participating employer and the designated staff member of the retirement plan who will
28.8 answer questions and directions to a website.

28.9 Subd. 4. **Full vesting and determination of accrued benefit.** (a) On the conversion
28.10 effective date, each active or former volunteer firefighter with a retirement benefit under
28.11 the defined benefit plan, except any retiree in pay status who is receiving a monthly benefit,
28.12 becomes 100 percent vested as of the conversion effective date in the firefighter's retirement
28.13 benefit, without regard to the number of years of vesting service credit.

28.14 (b) The executive director must determine the present value of each active or former
28.15 firefighter's accrued benefit as of the conversion effective date, taking into account the full
28.16 vesting requirement under paragraph (a).

28.17 Subd. 5. **Surplus over full funding.** If the fire department account has a surplus over
28.18 full funding, as defined under section 353G.08, subdivision 1, paragraph (c), the executive
28.19 director must allocate the surplus over full funding to the individual account of each active
28.20 and former volunteer firefighter, except any former volunteer firefighter receiving an annuity,
28.21 in the same proportion that the volunteer firefighter's accrued benefit bears to the total
28.22 accrued benefits of all active and former volunteer firefighters.

28.23 Subd. 6. **Distribution to former volunteer firefighters in pay status.** (a) If any former
28.24 volunteer firefighter or beneficiary is receiving an annuity, the executive director must
28.25 determine the present value of the remaining payments to the former volunteer firefighter
28.26 or beneficiary and offer the former volunteer firefighter or beneficiary:

28.27 (1) continued payments in the same monthly amount; or

28.28 (2) an immediate lump-sum distribution of the present value amount.

28.29 (b) The offer of an immediate lump-sum distribution must include an offer to the former
28.30 volunteer firefighter or beneficiary to elect a direct rollover of the amount to an eligible
28.31 retirement plan as permitted under section 356.635, subdivisions 3 to 7, if the distribution
28.32 is an eligible rollover distribution as defined in section 356.635, subdivisions 4 and 5.

29.1 Subd. 7. Prohibition against reduction in accrued benefit. In no event may the value
29.2 of a volunteer firefighter's individual account in the defined contribution plan be less as of
29.3 the day following the conversion effective date than the present value of the volunteer
29.4 firefighter's accrued benefit as of the day before the conversion effective date.

29.5 EFFECTIVE DATE. This section is effective January 1, 2026.

29.6 Sec. 44. REVISOR INSTRUCTION.

29.7 The revisor of statutes shall change the following terms wherever the terms appear in
29.8 Minnesota Statutes, chapter 353G, unless the context indicates that the previous term should
29.9 remain. The revisor of statutes shall also make grammatical changes related to the changes
29.10 in terms:

29.11 (1) "Public Employees Retirement Association" to "association";

29.12 (2) "independent nonprofit firefighting corporation" to "firefighting corporation"; and

29.13 (3) "monthly benefit division" to "monthly division."

29.14 Sec. 45. REPEALER.

29.15 (a) Minnesota Statutes 2022, section 353G.01, subdivision 10, is repealed.

29.16 (b) Minnesota Statutes 2023 Supplement, sections 353G.01, subdivisions 7a and 8a;
29.17 353G.02, subdivision 6; 353G.08, subdivision 3; 353G.11, subdivisions 1, 1a, 3, and 4;
29.18 353G.112; and 353G.121, are repealed.

29.19 EFFECTIVE DATE. This section is effective January 1, 2025.

353G.01 DEFINITIONS.

Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the retirement fund that contains the assets applicable to the lump-sum division.

Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion of the fund that contains the assets applicable to the monthly benefit division.

Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

353G.02 PLAN AND FUND CREATION.

Subd. 6. **Initial administrative expenses of the monthly benefit division; allocation of reimbursement.** The administration expenses incurred by the Public Employees Retirement Association in the establishment of the monthly benefit division of the statewide volunteer firefighter plan, including any computer programming expenses and any actuarial consultant expenses, are payable from the assets of the initial monthly benefit volunteer firefighter relief association that elects to transfer its administration to the statewide volunteer firefighter plan, following the transfer of assets.

353G.08 PLAN FUNDING; DISBURSEMENTS.

Subd. 3. **Authorized account disbursements.** The assets of a lump-sum retirement account or of a monthly benefit retirement account of the retirement fund may only be disbursed for:

- (1) the administrative expenses of the plan;
- (2) the investment expenses of the retirement fund;
- (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or 353G.18;
- (4) the survivor benefits payable under section 353G.12;
- (5) the disability benefit coverage insurance premiums under section 353G.115; and
- (6) a transfer of assets under section 353G.17.

353G.11 LUMP-SUM DIVISION SERVICE PENSION LEVELS.

Subdivision 1. **Service pension levels; lump-sum division.** Except as provided in subdivision 1a, the lump-sum division of the plan provides the following levels of service pension amounts per full year of service credit to be selected at the election of coverage:

- (1) a minimum service pension level of \$500 per year;
- (2) a maximum service pension level equal to the maximum lump-sum service pension amount permitted under section 424A.02, subdivision 3, payable for each year of service; and
- (3) service pension levels between the minimum level and the maximum level in \$100 increments.

Subd. 1a. **Continuation of prior lump-sum service pension levels.** (a) If a municipality or independent nonprofit firefighting corporation elected to be covered by the lump-sum division of the plan before January 1, 2010, and selected the \$750 per year of service credit service pension amount effective for January 1, 2010, that level continues for the volunteer firefighters of that municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2010.

(b) If a municipality or independent nonprofit firefighting corporation elected to be covered by the plan before January 1, 2015, and selected a service pension level under subdivision 1, other than a service credit service pension amount under subdivision 1, that level continues for the volunteer firefighters of the municipality or independent nonprofit firefighting corporation until a different service pension amount is selected under subdivision 2 after January 1, 2014.

Subd. 3. **Supplemental benefit.** The lump-sum retirement account of the plan also shall pay a supplemental benefit as provided for in section 424A.10.

Subd. 4. **Ancillary benefits.** Except as provided under section 353G.115 or 353G.12, no disability, death, funeral, or other ancillary benefit beyond a service pension or a survivor benefit is payable from the lump-sum retirement account of the plan.

353G.112 MONTHLY BENEFIT DIVISION SERVICE PENSION LEVELS.

The service pension amount for the firefighters of a fire department covered by the monthly benefit division of the plan is the amount specified in the retirement benefit plan document applicable to the fire department.

353G.121 MONTHLY BENEFIT DIVISION; POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.

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

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

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

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

(e) If the governing body of the municipality or entity approves the modification language, the chief administrative officer of the municipality or entity shall notify the executive director of the Public Employees Retirement Association of that approval. The benefit plan document modification is effective on the January 1 next following the date of filing the approval with the Public Employees Retirement Association.