

A bill for an act

relating to retirement; lump sum volunteer firefighter relief associations;  
modifying the manner for the calculation of amortization requirements; amending  
Minnesota Statutes 2008, section 69.772, subdivisions 2, 2a, 3.

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

Section 1. Minnesota Statutes 2008, section 69.772, subdivision 2, is amended to read:

Subd. 2. **Determination of accrued liability.** (a) Each firefighters' relief association which pays a service pension when a retiring firefighter meets the minimum requirements for entitlement to a service pension specified in section 424A.02 and which in its articles of incorporation or bylaws requires service credit for a period of service of at least 20 years of active service for a totally nonforfeitable service pension shall determine the accrued liability of the special fund of the firefighters' relief association relative to each active member of the relief association, calculated individually using the following table as of December 31 and as of an alternative calculation date specified by the applicable municipality between January 1 and August 1:

Cumulative Year .....	Accrued Liability .....
1	\$ 60
2	124
3	190
4	260
5	334
6	410
7	492
8	576

**S.F. No. 2812, as introduced - 86th Legislative Session (2009-2010) [10-5620]**

2.1	9	666
2.2	10	760
2.3	11	858
2.4	12	962
2.5	13	1070
2.6	14	1184
2.7	15	1304
2.8	16	1428
2.9	17	1560
2.10	18	1698
2.11	19	1844
2.12	20	2000
2.13	21 and thereafter	100 additional per year

2.14 (b) As set forth in the table the accrued liability for each member of the relief  
2.15 association corresponds to the cumulative years of active service to the credit of the  
2.16 member. The accrued liability of the special fund for each active member is determined  
2.17 by multiplying the accrued liability from the chart by the ratio of the lump sum service  
2.18 pension amount currently provided for in the bylaws of the relief association to a service  
2.19 pension of \$100 per year of service. If a member has fractional service as of December 31  
2.20 or as of the alternative calculation date under paragraph (a), the figure for service credit to  
2.21 be used for the determination of accrued liability pursuant to this section shall be rounded  
2.22 to the nearest full year of service credit. The total accrued liability of the special fund as of  
2.23 December 31 ~~shall be~~ and as of the alternative calculation date is the sum of the accrued  
2.24 liability attributable to each active member of the relief association.

2.25 (c) To the extent that the state auditor considers it to be necessary or practical, the  
2.26 state auditor may specify and issue procedures, forms, or mathematical tables for use  
2.27 in performing the calculations of the accrued liability for deferred members pursuant  
2.28 to this subdivision.

2.29 Sec. 2. Minnesota Statutes 2008, section 69.772, subdivision 2a, is amended to read:

2.30 Subd. 2a. **Determination of accrued liability for recipients of installment**  
2.31 **payments.** (a) Each firefighters' relief association which pays a lump sum service pension  
2.32 in installment payments to a retired firefighter pursuant to section 424A.02, subdivision 8,  
2.33 shall determine the accrued liability of the special fund of the firefighters' relief association  
2.34 relative to each retired member receiving a lump sum service pension in installment  
2.35 payments calculated individually as the sum of each future installment payment discounted  
2.36 at an interest rate of five percent, compounded annually, from the date the installment  
2.37 payment is scheduled to be paid to December 31 or to the alternative calculation date

3.1 applicable under subdivision 2. If the bylaws of the relief association provide for the  
3.2 payment of interest on unpaid installments, the amount of interest, projected to December  
3.3 31 or to the alternative calculation date applicable under subdivision 2, shall be added to  
3.4 the accrued liability attributable to each retired member. The sum of the accrued liability  
3.5 attributable to each retired member of the relief association receiving a lump sum service  
3.6 pension in installment payments shall be the total additional accrued liability of the special  
3.7 fund of the relief association as of December 31 or as of the alternative calculation  
3.8 date applicable under subdivision 2, and shall be added to the accrued liability of the  
3.9 special fund of the relief association calculated pursuant to subdivision 2 for purposes of  
3.10 calculating the financial requirements of the relief association and the minimum obligation  
3.11 of the municipality pursuant to subdivision 3.

3.12 (b) To the extent that the state auditor deems it to be necessary or practical, the  
3.13 state auditor may specify and issue procedures, forms, or mathematical tables for use in  
3.14 performing the calculations required pursuant to this subdivision.

3.15 Sec. 3. Minnesota Statutes 2008, section 69.772, subdivision 3, is amended to read:

3.16 Subd. 3. **Financial requirements of relief association; minimum obligation of**  
3.17 **municipality.** (a) During the month of July, the officers of the relief association shall  
3.18 determine the overall funding balance of the special fund for the current calendar year,  
3.19 the financial requirements of the special fund for the following calendar year and the  
3.20 minimum obligation of the municipality with respect to the special fund for the following  
3.21 calendar year in accordance with the requirements of this subdivision.

3.22 (b) The overall funding balance of the special fund for the current calendar year must  
3.23 be determined in the following manner:

3.24 (1) The total accrued liability of the special fund for all active and deferred members  
3.25 of the relief association as of December 31 of the current year and as of the alternative  
3.26 calculation date under subdivision 2 must be calculated under subdivisions 2 and 2a,  
3.27 if applicable.

3.28 (2) The total present assets of the special fund projected to December 31 of the  
3.29 current year, including receipts by and disbursements from the special fund anticipated  
3.30 to occur on or before December 31 or on or before the alternative calculation date under  
3.31 subdivision 2, must be calculated. To the extent possible, for those assets for which  
3.32 a market value is readily ascertainable, the current market value as of the date of the  
3.33 calculation for those assets must be utilized in making this calculation. For any asset for  
3.34 which no market value is readily ascertainable, the cost value or the book value, whichever  
3.35 is applicable, must be utilized in making this calculation.

4.1 (3) The amount of the total present assets of the special fund calculated under clause  
4.2 (2) must be subtracted from the amount of the total accrued liability of the special fund  
4.3 calculated under clause (1). If the amount of total present assets exceeds the amount of  
4.4 the total accrued liability, then the special fund is considered to have a surplus over full  
4.5 funding. If the amount of the total present assets is less than the amount of the total  
4.6 accrued liability, then the special fund is considered to have a deficit from full funding. If  
4.7 the amount of total present assets is equal to the amount of the total accrued liability, then  
4.8 the special fund is considered to be fully funded.

4.9 (c) The financial requirements of the special fund for the following calendar year  
4.10 and for the 12-month period following the alternative calculation date must be determined  
4.11 in the following manner:

4.12 (1) The total accrued liability of the special fund for all active and deferred members  
4.13 of the relief association as of December 31 of the calendar year next following the current  
4.14 calendar year and as of the alternative calculation date under subdivision 2 occurring 12  
4.15 months later must be calculated under subdivisions 2 and 2a, if applicable.

4.16 (2) The increase in the total accrued liability of the special fund for the following  
4.17 calendar year and for the following 12-month period over the total accrued liability of the  
4.18 special fund for the current year and for the 12-month period must be calculated.

4.19 (3) The amount of anticipated future administrative expenses of the special fund  
4.20 must be calculated by multiplying the dollar amount of the administrative expenses of the  
4.21 special fund for the most recent prior calendar year by the factor of 1.035.

4.22 (4) If the special fund is fully funded, the financial requirements of the special fund  
4.23 for the following calendar year and for the following 12-month period are the total of the  
4.24 amounts calculated under clauses (2) and (3).

4.25 (5) If the special fund has a deficit from full funding, the financial requirements of the  
4.26 special fund for the following calendar year and for the following 12-month period are the  
4.27 financial requirements of the special fund calculated as though the special fund were fully  
4.28 funded under clause (4) plus an amount equal to one-tenth of the ~~original~~ most recently  
4.29 calculated amount of the deficit from full funding of the special fund as determined under  
4.30 clause (2) ~~resulting either from an increase in the amount of the service pension occurring~~  
4.31 ~~in the last ten years or from a net annual investment loss occurring during the last ten years~~  
4.32 until ~~each increase in~~ the deficit from full funding is fully retired. The annual amortization  
4.33 contribution under this clause may not exceed the amount of the deficit from full funding.

4.34 (6) If the special fund has a surplus over full funding, the financial requirements of  
4.35 the special fund for the following calendar year and for the following 12-month period are  
4.36 the financial requirements of the special fund calculated as though the special fund were

5.1 fully funded under clause (4) reduced by an amount equal to one-tenth of the amount of  
5.2 the surplus over full funding of the special fund.

5.3 (d) The minimum obligation of the municipality with respect to the special fund is  
5.4 the financial requirements of the special fund reduced by the amount of any fire state aid  
5.5 payable under sections 69.011 to 69.051 reasonably anticipated to be received by the  
5.6 municipality for transmittal to the special fund during the following calendar year and  
5.7 during the 12-month period following the alternative calculation date under subdivision  
5.8 2, an amount of interest on the assets of the special fund projected to the beginning of  
5.9 the following calendar year and to the date occurring 12 months after the alternative  
5.10 calculation date under subdivision 2 calculated at the rate of five percent per annum, and  
5.11 the amount of any contributions to the special fund required by the relief association  
5.12 bylaws from the active members of the relief association reasonably anticipated to be  
5.13 received during the following calendar year and during the 12-month period following the  
5.14 alternative calculation date under subdivision 2. A reasonable amount of anticipated fire  
5.15 state aid is an amount that does not exceed the fire state aid actually received in the prior  
5.16 year or 12-month period multiplied by the factor 1.035.

5.17 Sec. 4. **EFFECTIVE DATE.**

5.18 Sections 1 to 3 are effective the day following final enactment and apply retroactively  
5.19 with respect to funding requirements determined during calendar year 2009.