

CHAPTER 353G

VOLUNTEER FIREFIGHTERS; RETIREMENT

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353G.01 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined in this section have the meanings given to them unless the context of the word or term clearly indicates otherwise.

Subd. 2. **Advisory board.** "Advisory board" means the board established by section 353G.03.

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

Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees Retirement Association operating under section 353.03.

Subd. 4. **Commissioner of management and budget.** "Commissioner of management and budget" means the state official appointed and qualified under section 16A.01.

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

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

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

Subd. 4d. **Defined benefit plan.** "Defined benefit plan" means the plan that is one of the two plans that comprise the statewide volunteer firefighter plan. The defined benefit plan provides each member with a retirement benefit that is either a lump sum or a monthly pension in an amount determined by using a formula that takes into account years of service, vesting percentage, and the benefit level for the member's fire department. The defined benefit plan consists of the lump-sum division and the monthly division.

Subd. 5. **Executive director; director.** "Executive director" or "director" means the person appointed under section 353.03, subdivision 3a.

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

Subd. 5b. **Firefighting corporation.** "Firefighting corporation" means a firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes.

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

Subd. 6. **Fund.** "Fund" means the statewide volunteer firefighter fund established under section 353G.02, subdivision 3.

Subd. 6a. **Governing body.** "Governing body" means the governing body of a municipality or firefighting corporation or, in the case of a joint powers entity, the governing bodies of the municipalities associated with the joint powers entity.

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

Subd. 7. MS 2022 [Repealed, 2023 c 47 art 10 s 10]

Subd. 7a. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

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

Subd. 8. **Member.** "Member" means an individual who is or was a volunteer firefighter providing service to a municipality or a firefighting corporation that has elected coverage by the plan under section 353G.05, and whose service is covered by the plan.

Subd. 8a. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

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

Subd. 9. **Municipality.** "Municipality" means a city or township that has established a fire department, a city or township that has entered into a contract with a firefighting corporation, or a city or township that has entered into a contract with a joint powers entity under section 471.59 that has established or operates a fire department.

Subd. 9a. **Relief association.** "Relief association" means a relief association as defined under section 424A.001, subdivision 4.

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

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

Subd. 10. MS 2022 [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan document," for an account in the monthly division, means the articles of incorporation and bylaws of the prior former firefighters relief association in effect on the day before the date on which the retirement coverage transfer under section 353G.05 occurred or as provided in the most recent modification under section 353G.121.

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

Subd. 12. **Retirement plan.** "Retirement plan" or "plan" means the statewide volunteer firefighter plan, consisting of the defined contribution plan and the defined benefit plan, established by this chapter.

Subd. 12a. **Service credit.** "Service credit" means the period of service rendered by a volunteer firefighter that is certified under section 353G.07 by the fire chief of the fire department in which the volunteer firefighter serves.

Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means the standards adopted by the Legislative Commission on Pensions and Retirement under section 3.85, subdivision 10.

Subd. 14. **State Board of Investment.** "State Board of Investment" means the board created by article XI, section 8, of the Minnesota Constitution and governed by chapter 11A.

Subd. 14a. **Vesting service credit.** "Vesting service credit" means service credit plus any earlier period of service rendered as a volunteer firefighter, as defined in subdivision 15, in another fire department covered by the plan or in a fire department in the state that was not covered by the plan at the time the service was rendered.

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

- (1) fire suppression or prevention activities;
- (2) emergency response services;
- (3) emergency medical response activities; or
- (4) fire education or supervises personnel engaged in any of the foregoing.

History: 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 10; 2015 c 68 art 8 s 2-10; 2018 c 211 art 16 s 4,5; 2019 c 50 art 1 s 112; 1Sp2019 c 6 art 22 s 4; 2020 c 108 art 7 s 1,9; 2022 c 65 art 4 s 1,2; 2023 c 47 art 10 s 1-4,9; 2024 c 102 art 2 s 31; art 3 s 2-21,45

NOTE: The repeal of subdivisions 7a, 8a, and 10 is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.02 PLAN AND FUND CREATION.

Subdivision 1. **Retirement plan.** The statewide volunteer firefighter plan, consisting of a defined contribution plan and a defined benefit plan, is established.

Subd. 2. **Administration.** The policy-making, management, and administrative functions related to the statewide volunteer firefighter plan and fund are vested in the board of trustees and the executive director of the association. Their duties, authority, and responsibilities are as provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken in a manner consistent with chapter 356A.

Subd. 3. **Retirement fund.** (a) The statewide volunteer firefighter fund is established. The retirement fund contains the assets attributable to the defined contribution plan and the defined benefit plan.

(b) The State Board of Investment shall invest those portions of the retirement fund not required for immediate purposes in the statewide volunteer firefighter account of the Minnesota supplemental investment fund under section 11A.17.

(c) The commissioner of management and budget is the ex officio treasurer of the retirement fund. The commissioner of management and budget's general bond to the state covers all liability for actions taken as the treasurer of the retirement fund.

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

Subd. 4. **Periodic audit; biennial actuarial valuation; biennial funding report.** (a) The legislative auditor shall periodically audit the retirement fund.

(b) The executive director must retain an approved actuary under section 356.214 to perform biennial actuarial valuations of each fire department account in the monthly division. The actuarial valuation must conform with section 356.215 and the standards for actuarial work. The actuarial valuation must contain sufficient detail for each participating employer to ascertain the actuarial condition of its account in the retirement fund and the amount of its required contribution to the account.

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

Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board and the executive director with respect to the statewide volunteer firefighter plan is the attorney general.

(b) The board may sue, petition, be sued, or be petitioned under this chapter with respect to the plan or the fund in the name of the board.

(c) The attorney general shall represent the board in all actions by the board or against the board with respect to the plan or the fund.

(d) Venue of all actions related to the plan or fund is in the court for the first judicial district unless the action is an appeal to the court of appeals under section 356.96.

Subd. 6. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

History: 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 11; 2015 c 68 art 8 s 11; 2018 c 211 art 16 s 6; 2020 c 108 art 7 s 9; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 22-24,45

NOTE: The repeal of subdivision 6 is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.03 STATEWIDE VOLUNTEER FIREFIGHTER PLAN ADVISORY BOARD.

Subdivision 1. **Establishment.** A Statewide Volunteer Firefighter Plan Advisory Board is created.

Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide advice to the board of trustees of the association about the retirement coverage needs of volunteer firefighters who are members of the plan and about the legislative and administrative changes that would assist the plan in accommodating volunteer firefighters who are not members of the plan.

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

(b) The advisory board members are:

- (1) one representative of Minnesota townships, appointed by the Minnesota Association of Townships;
- (2) two representatives of Minnesota cities, appointed by the League of Minnesota Cities;
- (3) one representative of Minnesota fire chiefs, who is a fire chief, appointed by the Minnesota State Fire Chiefs Association;
- (4) two representatives of Minnesota volunteer firefighters who are active volunteer firefighters, one of whom is covered by the lump-sum division and one of whom is covered by the monthly division, appointed by the Minnesota State Fire Chiefs Association;
- (5) three representatives of Minnesota volunteer firefighters, at least one of whom is covered by the lump-sum division of the defined benefit plan and at least one of whom is covered by the defined contribution plan, appointed by the Minnesota State Fire Departments Association; and
- (6) one representative of the Office of the State Auditor, designated by the state auditor.

[See Note.]

Subd. 4. **Term.** (a) The term for the Office of the State Auditor representative is determined by the state auditor.

(b) Terms on the advisory board other than the Office of the State Auditor representative are three years.

Subd. 5. **Compensation of advisory board.** The compensation of members of the advisory board, other than the Office of the State Auditor representative, is governed by section 15.0575, subdivision 3.

History: 2009 c 169 art 9 s 12; 2015 c 68 art 8 s 12; 2018 c 211 art 16 s 7; 2020 c 108 art 7 s 9; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 25,45

NOTE: The amendment to subdivision 3 by Laws 2024, chapter 102, article 3, section 25, is effective January 1, 2027. Laws 2024, chapter 102, article 3, section 25, the effective date.

353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE DEPARTMENTS.

The chief executive officers of municipalities and fire departments with volunteer firefighters covered by the statewide volunteer firefighter plan shall provide all relevant information and records requested by the board, the executive director, and the State Board of Investment as required to perform their duties.

History: 2009 c 169 art 9 s 13; 2015 c 68 art 8 s 13; 2020 c 108 art 7 s 9

353G.05 PLAN COVERAGE ELECTION.

Subdivision 1. **Entities eligible to request coverage.** A relief association, municipality, or firefighting corporation may elect to have its volunteer firefighters covered by the retirement plan.

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

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

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

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

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

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

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

Subd. 1c. **Selection of vesting schedule.** In the request for coverage, the entity must select a vesting schedule from the following options:

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

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

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

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

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

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

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

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

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

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

(2) if different than the amount under clause (1), the benefit level identified in the request under subdivision 1d.

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

(d) The cost analysis must be prepared using a mathematical procedure certified as accurate by an approved actuary retained by the association.

(e) If the request for coverage was made by a relief association that has filed the information required under section 424A.014 in a timely fashion, upon request by the executive director, the state auditor shall provide the most recent data available on the financial condition of the relief association, the most recent firefighter demographic data available, and a copy of the current relief association bylaws. If a cost analysis is requested, but no relief association exists, the chief administrative officer of the entity operating the fire department shall provide the demographic information on the volunteer firefighters serving as members of the fire department requested by the executive director.

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

(b) The cost analysis under this subdivision must be prepared by the approved actuary retained by the association. The cost analysis must be based on:

(1) the monthly benefit level and other retirement benefit types and amounts in effect for the relief association as of the date of the request;

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

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

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

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

Subd. 4. Invested assets review. The executive director of the State Board of Investment shall review the investment portfolio of the relief association retirement plan, if one exists, for compliance with the applicable provisions of chapter 11A and for appropriateness for retention under the established investment objectives and investment policies of the State Board of Investment. If the prospective retirement coverage change is approved under subdivision 5, the State Board of Investment may require that the relief association liquidate any investment security or other asset which the executive director of the State Board of Investment has determined to be an ineligible or inappropriate investment for retention by the State Board of Investment. The security or asset liquidation must occur before the effective date of the transfer of plan coverage. If requested to do so by the chief administrative officer of the relief association, the executive director of the State Board of Investment shall provide advice about the best means to conduct the liquidation.

Subd. 5. Finalization; coverage transfer. (a) The transfer of coverage to the defined contribution plan is considered approved if, no later than 120 days after the filing of the request for coverage with the executive director, the transfer is approved by both (1) the board of trustees of the relief association, if one exists, and (2) the governing body. If either the governing body or the board of trustees of the relief association does not take action to approve the transfer within 120 days after the filing of the request for coverage, the transfer is not approved.

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

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

Subd. 6. Joint powers entities. If transfer of coverage to the plan is being requested for volunteer firefighters that provide services to a fire department operated as or by a joint powers entity, whenever an election or approval by or delivery to the governing body of a municipality is required under this section, all municipalities that executed the joint powers agreement must execute the election or approval or receive

delivery, unless the joint powers agreement specifies another process be followed in order for the action of a joint powers entity to be effective.

History: 2009 c 169 art 9 s 14; 2010 c 359 art 6 s 2; 2013 c 111 art 6 s 3; 2015 c 68 art 8 s 14; 1Sp2019 c 6 art 22 s 5; 1Sp2019 c 8 art 8 s 23; 2020 c 108 art 7 s 2-4; 2022 c 65 art 4 s 3-6; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 26,45

353G.06 DISESTABLISHMENT OF PRIOR FIREFIGHTERS RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE CHANGE.

Subdivision 1. **Special fund disestablishment.** On the December 31 immediately prior to the effective date of the coverage change, the special fund of the applicable firefighters relief association, if one exists, ceases to exist as a pension fund of the association and legal title to the assets of the special fund transfers to the State Board of Investment, with the undivided beneficial title to the assets of the special fund remaining in the applicable volunteer firefighters as a group.

Subd. 2. **Other relief association changes.** In addition to the transfer and disestablishment of the special fund under subdivision 1, notwithstanding any provisions of chapter 424A or 424B to the contrary, upon the effective date of the change in coverage, if the relief association membership elects to retain the relief association as a nonprofit organization after the coverage election, the following changes must be implemented with respect to the relief association:

(1) the relief association is not authorized to receive any state aid or any municipal funds; and

(2) the relief association may not pay any service pension or benefit that was not authorized as a general fund disbursement under the articles of incorporation or bylaws of the relief association in effect immediately prior to the plan coverage election process.

Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of the relief association under this section, the plan is the successor in interest of the special fund of the relief association for all claims against the special fund other than a claim against the special fund, the relief association, the municipality, the fire department, or any person connected with the relief association in a fiduciary capacity under chapter 356A or common law that was based on any act or acts which were not performed in good faith and which constituted a breach of a fiduciary obligation. As the successor in interest of the special fund of the relief association, the plan may assert any applicable defense in any judicial proceeding which the board of trustees of the relief association or the municipality would have been entitled to assert.

History: 2009 c 169 art 9 s 15; 2010 c 359 art 6 s 3; 2015 c 68 art 8 s 15; 2020 c 108 art 7 s 9; 2023 c 47 art 10 s 9; art 11 s 1,2; 2024 c 102 art 2 s 31

353G.07 SERVICE CREDIT FOR PENSION BENEFIT ACCRUAL OR CONTRIBUTION ALLOCATION.

(a) Annually, by March 31, the fire chief of a fire department with volunteer firefighters who are active members of the retirement plan must certify to the executive director the service credit for the previous calendar year of each volunteer firefighter rendering active service with the fire department.

(b) The fire chief shall provide to each firefighter rendering active service with the fire department notification of the amount of service credit rendered by the firefighter for the calendar year. The service credit notification must be provided to the firefighter 60 days before its certification to the executive director, along with an explanation of the process for the firefighter to challenge the fire chief's determination of service credit. If the service credit amount is challenged in a timely fashion, the fire chief shall hold a hearing

on the challenge, accept and consider any additional pertinent information, and make a final determination of service credit. The final determination of service credit by the fire chief is not reviewable by the executive director or by the board of trustees.

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

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

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

History: 2009 c 169 art 9 s 16; 2015 c 68 art 8 s 16; 2022 c 65 art 4 s 25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 27

353G.075 SERVICE CREDIT FOR VESTING.

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

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

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

History: 2024 c 102 art 3 s 28

353G.08 PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. **Biennial funding reports; lump-sum division.** (a) The executive director must determine the funding requirements for each fire department account in the lump-sum division on or before August 1 every other year. The funding requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the association and must be based on present value factors using a six percent investment return rate, without any decrement

assumptions. The executive director must provide written notice of the funding requirements to the entity or entities associated with the fire department whose active firefighters are covered by the plan.

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

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

(2) The assets of the fire department account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. The executive director must begin phasing in the use of actuarial value of assets in making this calculation beginning with the funding reports for 2026.

(3) The amount of the assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of the assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of assets is equal to the amount of the total accrued liability, then the account is considered to be fully funded.

(c) The financial requirements of each fire department for the following calendar year must be determined in the following manner:

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

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

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

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

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

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum division is the annual financial requirements of the fire department

account under paragraph (c) reduced by the amount of any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of investment earnings on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid received in the prior year multiplied by the factor 1.035.

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

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

Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive director shall determine the funding requirements of each monthly benefit account in the statewide volunteer firefighter plan on or before August 1.

(b) The executive director must determine the funding requirements of a monthly benefit account under this subdivision from:

(1) the most recent actuarial valuation normal cost, administrative expense, including the cost of a regular actuarial valuation, and amortization results for the account determined by the approved actuary retained by the retirement association under sections 356.215 and 356.216; and

(2) the standards for actuarial work, utilizing a six percent investment return actuarial assumption and other actuarial assumptions approved under section 356.215, subdivision 18:

(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit increase to be amortized over a period of 20 years from the date of the benefit change;

(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;

(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss; and

(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly division are the annual financial requirements of the monthly benefit account of the plan under paragraph (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the plan attributable to the entity or entities during the following

calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

Subd. 2. Cash flow funding requirement. If the executive director determines that a fire department account in the lump-sum division or the monthly division has insufficient assets to meet the service pensions expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the participating employer, which must make an additional employer contribution to the account within ten days of the certification. If more than one participating employer is associated with the account, unless the participating employers agree to and implement a different allocation, the participating employers must allocate the additional employer contribution one-half in proportion to the population of each participating employer and one-half in proportion to the estimated market value of the property of each participating employer.

Subd. 2a. Additional municipal contributions authorized. (a) At the discretion of the municipality or the firefighting corporation associated with a fire department covered by a statewide volunteer firefighter plan account, the municipality or the corporation may make additional contributions to the applicable account.

(b) The executive director of the association may specify requirements as to the form, timing, and accompanying information for contributions made under this subdivision.

(c) Any contributions made under this subdivision must be included as total present assets of the account for the calculation of any subsequent annual funding requirements for the account under subdivision 1 or 1a or for the calculation of any cash flow funding requirement under subdivision 2.

Subd. 3. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

History: 2009 c 169 art 9 s 17; 2010 c 359 art 6 s 4; 2012 c 286 art 12 s 8; 2013 c 143 art 14 s 43; 2015 c 68 art 8 s 17; art 12 s 34; 2018 c 211 art 16 s 8; 1Sp2019 c 6 art 22 s 6,7; 1Sp2019 c 8 art 8 s 23; 2020 c 83 art 1 s 83; 2020 c 108 art 7 s 9; 2022 c 55 art 1 s 154; 2022 c 65 art 4 s 25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 29,30,45

NOTE: The repeal of subdivision 3 is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.082 FUNDING OF FIRE DEPARTMENT ACCOUNTS AND ANNUAL ALLOCATION TO INDIVIDUAL ACCOUNTS IN DEFINED CONTRIBUTION PLAN.

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

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

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

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

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

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

(1) any fire state aid payable under chapter 477B and police and firefighter retirement supplemental state aid payable under section 423A.022 received by the retirement fund that is attributable to the participating employer associated with the fire department as soon as practicable after the aid is received by the retirement fund;

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

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

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

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

Subd. 4. **Investment earnings and losses.** As of the end of each calendar year or more frequently, if determined necessary by the executive director to make distributions or for other purposes, the executive director must:

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

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

History: 2024 c 102 art 3 s 31

353G.085 AUTHORIZED DISBURSEMENTS.

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

- (1) administrative expenses of the retirement plan;
- (2) investment expenses of the retirement fund;
- (3) survivor benefits; and
- (4) a transfer of assets under section 353G.17.

History: 2024 c 102 art 3 s 32

353G.09 RETIREMENT BENEFIT ELIGIBILITY.

Subdivision 1. **Entitlement.** (a) A member is entitled to a retirement benefit as defined in subdivision 1a from the fire department's account in the plan if the member:

- (1) has separated from service with the fire department for at least 30 days;
- (2) has attained the normal retirement age;
- (3) has satisfied the minimum service requirement in paragraph (b) or (c), as applicable; and
- (4) applies in a manner prescribed by the executive director.

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

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

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

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

(c) The retirement benefit of a member of the monthly division is equal to the number of years of service credit certified under section 353G.07 for the member, multiplied by the benefit level applicable to the member under section 353G.112, multiplied by the member's vested percentage under subdivision 2.

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

Subd. 2. **Vested percentage.** A member of the plan has a nonforfeitable right to a retirement benefit, up to the percent vested. The member's vested percentage is determined under paragraph (a), (b), or (c), as applicable.

(a) If the member is a member of the lump-sum division and employed in a fire department that joined the plan before January 1, 2023, the member's vested percentage is equal to the percentage that corresponds to the number of years of vesting service credit, as follows:

Completed years of service credit	Vested percentage
less than 5	0 percent
5	40 percent
6	44 percent
7	48 percent
8	52 percent
9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent

(b) If the member is a member of the lump-sum division or the defined contribution plan and employed in a fire department that joins the plan on or after January 1, 2023, the member's vested percentage is equal to the percentage determined by applying the vesting schedule selected in the request for coverage under section 353G.05, subdivision 1c, taking into account years of vesting service credit.

(c) If the member is a member of the monthly division and has completed 20 years of service as a member of the plan, the member is 100 percent vested. If the member has completed less than 20 years of service as a member of the plan, the member's vested percentage is equal to the percentage determined under the retirement benefit plan document applicable to the member.

Subd. 3. MS 2020 [Repealed, 2022 c 65 art 4 s 26]

Subd. 4. **Deferred service pensions from former firefighters relief association.** A person who (1) had the status of deferred member with a former firefighters relief association as of the date immediately before the election of the retirement coverage change, and (2) is eligible for a service pension under the former relief association's bylaws is entitled to receive a service pension from the plan. Eligibility for and

calculation of the service pension are determined under the former relief association's bylaws as of the date the person terminated firefighting services and under chapter 424A.

History: 2009 c 169 art 9 s 18; 2010 c 359 art 6 s 5; 2015 c 68 art 7 s 1; art 8 s 18; 2020 c 108 art 7 s 5,6; 2022 c 65 art 4 s 7,8; 2023 c 47 art 10 s 5-7,9; 2024 c 102 art 2 s 31; art 3 s 33-35,45

353G.10 LEAVING FIREFIGHTING SERVICE BEFORE REACHING NORMAL RETIREMENT AGE.

Subdivision 1. **Entitlement to a retirement benefit, to the extent vested.** If a volunteer firefighter separates from active firefighting service before reaching normal retirement age, the volunteer firefighter is entitled to a distribution of the volunteer firefighter's retirement benefit under section 353G.09, subdivision 1a, as follows:

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

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

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

Subd. 2. **Application.** No earlier than 30 days after leaving active firefighting service, a volunteer firefighter entitled to a distribution under subdivision 1 must submit an application to the executive director in a manner specified by the executive director.

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

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

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

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

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

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

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

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

History: 2009 c 169 art 9 s 19; 2015 c 68 art 8 s 19; 2022 c 65 art 4 s 25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 36,45

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

Subdivision 1. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

Subd. 1a. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

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

(b) The fire chief or governing body must request a cost estimate from the executive director of an increase in the service pension level applicable to the active firefighters of the fire department.

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

(d) Within 120 days after receiving the cost estimate from the executive director, the governing body may approve the benefit level change, effective for January 1 of the following calendar year unless the governing body specifies in the approval document an effective date that is January 1 of the second year following the approval date. If the approval occurs after April 30, the required municipal contribution for the following calendar year must be recalculated and the results reported to the governing body. If not approved within 120 days of the receipt of the cost estimate, the benefit level change is considered to have been disapproved.

Subd. 2a. **Procedure for changing benefit level.** (a) The fire chief of a fire department that has an active membership that is covered by the monthly benefit retirement 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 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 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 association of that approval. The benefit plan document modification is effective on the January 1 following the date of filing the approval with the association.

Subd. 3. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

Subd. 4. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

History: 2009 c 169 art 9 s 20; 2010 c 359 art 6 s 6,7; 2015 c 68 art 7 s 2-5; art 8 s 20; 2018 c 211 art 16 s 9; 2020 c 108 art 7 s 7; 2021 c 22 art 10 s 35; 2022 c 65 art 4 s 9,25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 37,38,45

NOTE: The repeal of subdivisions 1, 1a, 3, and 4 is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.112 MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

NOTE: The repeal of this section is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.114 ANCILLARY BENEFITS AND SUPPLEMENTAL BENEFITS.

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

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

History: 2024 c 102 art 3 s 39

353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR DISABILITY INSURANCE.

(a) Except as provided in paragraph (b), no disability benefit is payable from the retirement plan.

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

History: 2010 c 359 art 6 s 8; 2015 c 68 art 8 s 22; 2020 c 108 art 7 s 9; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 40

353G.12 SURVIVOR BENEFIT.

Subdivision 1. **Entitlement.** (a) A survivor of a deceased active member of the plan or a deceased deferred member of the plan, upon application as prescribed by the executive director, is entitled to receive a survivor benefit.

(b) A survivor is the spouse of the member, or if none, the minor child or children of the member, or if none, the estate of the member.

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

Subd. 3. **Monthly division; survivor benefit amount.** The amount of the survivor benefit for the monthly division is the survivor service pension amount specified in the retirement benefit plan document applicable to the fire department, subject to all conditions and limitations for the benefit specified therein.

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

History: 2009 c 169 art 9 s 21; 2015 c 68 art 8 s 23,24; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 41,42,45

353G.121 MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

NOTE: The repeal of this section is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.

353G.13 MS 2022 [Repealed, 2023 c 47 art 10 s 10]

353G.14 DISTRIBUTIONS.

Subdivision 1. **Lump sum.** The executive director must distribute the retirement benefit under section 353G.09, subdivision 1a, of a member of the lump-sum division of the defined benefit plan or the defined contribution plan in the form of a single lump-sum payment.

Subd. 2. **Monthly payments.** The executive director must distribute the retirement benefit under section 353G.09, subdivision 1a, of a member of the monthly division of the defined benefit plan in the form of monthly payments as authorized under the retirement benefit plan document for the fire department in which the member is employed or for which the member provides services.

History: 2009 c 169 art 9 s 23; 2015 c 68 art 8 s 27; 2023 c 47 art 10 s 8,9; 2024 c 102 art 3 s 43

353G.15 MS 2018 [Repealed, 1Sp2019 c 8 art 3 s 3]

353G.16 EXEMPTION FROM PROCESS.

The provisions of section 356.401 apply to the statewide volunteer firefighter plan.

History: 2009 c 169 art 9 s 25; 2015 c 68 art 8 s 29; 2020 c 108 art 7 s 9

353G.17 TRANSFER AUTHORIZED.

Subdivision 1. **Entity to initiate transfer.** (a) An entity operating a fire department with firefighters who are covered by the plan may initiate the transfer of records, assets, and liabilities related to the firefighters' lump-sum or monthly benefits under the plan to a relief association that, at the time of the transfer, will be associated with the entity. The entity may be a municipality, a firefighting corporation, or a joint powers entity.

(b) A transfer is initiated by filing with the executive director the following:

(1) a notice of intent to initiate a transfer;

(2) a copy of the resolutions of the entity approving the transfer of records, assets, and liabilities from the plan to a relief association; and

(3) for each firefighter, the firefighter's name, address, telephone number, and email address, if any.

(c) The notice shall inform the executive director of the following:

(1) the transfer effective date, which shall comply with paragraph (d);

(2) the name of the relief association and the municipality, firefighting corporation, or joint powers entity with which the relief association is associated; and

(3) a summary of the type and level of pension or retirement benefits, including any ancillary benefits, provided by the relief association or, in the case of a new relief association, to be provided, and related terms and conditions.

(d) If the notice of intent to transfer is filed with the executive director before September 1, the transfer takes effect on the next January 1. If the notice of intent to transfer is filed after August 31, the transfer takes effect on the January 1 following the one-year anniversary of the filing of the notice.

Subd. 2. **Approval by the relief association.** (a) Before a transfer of records, assets, and liabilities from the plan to a relief association may occur, the board of trustees of the relief association shall adopt resolutions as follows:

(1) approving and accepting the transfer of records, assets, and liabilities from the plan; and

(2) amending the bylaws of the relief association as necessary to add the firefighters whose benefits are being transferred from the plan and to provide that each benefit being transferred retains vesting, distribution, and other rights to which the firefighter, for whom the benefit is being transferred, is entitled under the terms of the plan to the date of the transfer.

The board of trustees shall file a copy of the resolutions with the executive director.

(b) The board of trustees of the relief association shall file with the state auditor the following:

(1) a copy of the resolutions required under paragraph (a);

(2) a copy of the bylaws of the relief association and any bylaw amendments;

(3) a copy of the relief association's investment policy;

(4) a statement that a board of trustees has been duly elected and each trustee's name, address, telephone number, and email address, if any;

(5) a copy of the most recent annual financial, investment, and plan administration report filed under section 424A.014, unless the due date for the first report has not yet occurred; and

(6) a copy of the documentation indicating that a special fund has been established with a financial institution to receive a transfer of assets from the plan.

(c) Upon receipt of the information and documents required under paragraph (b), the state auditor shall issue to the relief association and the executive director written confirmation of receipt of all required information and documents.

Subd. 3. Approval by the firefighters. (a) A transfer under subdivision 1 shall not occur unless the active firefighters whose benefits are to be transferred from the plan to a relief association approve the transfer by a vote of the firefighters conducted by the executive director.

(b) The approval of the firefighters shall be determined by a vote of all active firefighters whose benefits are to be transferred. An affirmative vote of a majority of the firefighters voting shall constitute approval.

(c) The executive director shall provide a voting ballot and the following to each active firefighter:

(1) a summary of the benefits currently provided to the firefighters under the plan;

(2) a copy of the resolutions of the municipality approving the transfer;

(3) a copy of the resolutions of the board of trustees approving the transfer;

(4) a copy of the notice of intent to transfer required under subdivision 1;

(5) a copy of the state auditor's confirmation required under subdivision 2, paragraph (c); and

(6) the instructions and time frame for voting. Firefighters shall be given no less than 30 days in which to vote.

(d) The vote of any firefighter, including whether or not the firefighter voted, shall not be disclosed to any officer or member of the staff of the municipality or to any officer, trustee, or member of the staff of the relief association.

(e) The executive director shall tally the votes and report the results to the relief association and the municipality.

Subd. 4. Transfer process. (a) Upon completion of the actions required under subdivisions 1 to 3, the plan shall transfer to the relief association as of the effective date identified in the notice under subdivision 1, the records, assets, and liabilities related to the former and current firefighters with benefits under the plan, along with any assets in excess of liabilities credited to the lump-sum account or the monthly benefit retirement account attributable to the firefighters and the municipality.

(b) The executive director:

(1) shall transfer the assets in cash;

(2) shall transfer any accounts receivable associated with the lump-sum account or monthly benefit retirement account;

(3) shall settle any accounts payable from the account before the transfer; and

(4) may deduct from the assets to be transferred reasonable costs incurred by the plan to conduct the voting process and complete the transfer.

Subd. 5. Relief association obligations and rights upon transfer from the plan. (a) Upon transfer of the assets of the lump-sum account or monthly benefit retirement account, the pension liabilities attributable to the benefits for the former and current firefighters shall become the obligation of the special fund of the relief association.

(b) Upon the transfer of the assets of the lump-sum account or monthly benefit retirement account, the board of trustees of the relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the account.

(c) The relief association is the successor in interest with respect to all claims against the plan relating to the transferred lump-sum account or monthly benefit retirement account, except for claims alleging any act or acts by the plan or its fiduciaries that were not done in good faith or that constituted a breach of fiduciary responsibility under chapter 356A.

(d) The value of each volunteer firefighter's benefit in the plan on the day before the asset transfer shall be no less than the value of the volunteer firefighter's benefit on the day after the asset transfer. The relief association shall give credit, with respect to each firefighter whose benefit is being transferred, for all past service, including service credit with the plan and with any predecessor relief association, to the extent credit is given for such service in the records of the plan for that firefighter.

(e) Upon completion of the transfer of records, assets, and liabilities, the executive director shall provide written notice to the state auditor, the commissioner of revenue, and the secretary of state that the transfer is complete.

Subd. 6. Failure to obtain approval, certification, or verification. If the municipality, board of trustees, or firefighters fail to approve the transfer under subdivision 1, 2, or 3 or the requirements of subdivision 2, paragraph (b), are not met, the transfer of records, assets, and liabilities from the plan to the relief association shall not occur.

History: 2018 c 211 art 16 s 10; 1Sp2019 c 6 art 22 s 8; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 45

353G.18 TERMINATION OF PARTICIPATION AND DISTRIBUTION OF BENEFITS.

Subdivision 1. **Application.** This section provides the procedures that apply if an entity wishes to terminate its participation in the plan and authorize the distribution of all assets credited to the entity's account in the retirement fund held for the benefit of the entity's former firefighters. If this section conflicts with another section of this chapter, this section controls.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them unless the context clearly indicates otherwise.

(b) "Departing entity" means the entity seeking to terminate its participation in the plan and the coverage of its departing firefighters by the plan.

(c) "Departing firefighter" means each former firefighter of the departing entity who:

(1) is credited with one or more years of service under the plan or under the relief association previously affiliated with the departing entity;

(2) has not yet received a distribution of the firefighter's pension benefit; and

(3) is entitled to a distribution of a pension benefit under this section.

(d) "Direct rollover" means a payment described under section 356.633, subdivisions 1 and 2. Consistent with the definition of "distributee" under section 356.633, subdivision 1, paragraph (b), a departing firefighter is a distributee for the purpose of a direct rollover election.

(e) "Distribution date" means the date as of which all assets in the entity's account are to be distributed in the form of a payment to each departing firefighter or the survivor of each deceased departing firefighter or as a direct rollover, if elected under section 356.633, subdivisions 1 and 2.

(f) "Entity" means a municipality, a firefighting corporation, or a joint powers entity that operates or had operated a fire department with firefighters who are covered by the plan.

(g) "Entity's account" means the pension plan that is a component of the plan and under which the departing firefighters have accrued lump sum pension benefits and with which the departing entity is affiliated.

(h) "Executive director" means the executive director of the Public Employees Retirement Association.

(i) "Termination date" means the effective date of the termination of the pension plan that is the entity's account. The termination date shall precede the distribution date.

(j) "Year of service" means a year of service credit certified by the departing entity's fire chief under section 353G.07. For purposes of determining the amount of a departing firefighter's pension benefit under this section, year of service includes any service credit earned by the departing firefighter under the relief association previously affiliated with the departing entity, which must be certified under section 424A.003 beginning January 1, 2019. Service credit ends when the departing firefighter's active service ends, notwithstanding a later termination date as defined in paragraph (i).

Subd. 3. Eligibility. An entity is eligible to terminate its participation in the plan under this section if the entity satisfies the following conditions:

(1) the entity has eliminated its fire department or, if its fire department is ongoing, the fire department has ceased using the services of all departing firefighters and any other noncareer or volunteer firefighters; and

(2) the entity's account has assets sufficient to cover all liabilities, after taking into account the requirement to fully vest all departing firefighters and pay administrative expenses determined under subdivision 4, paragraph (c), clause (3).

Subd. 4. Termination procedures. (a) The participation of a departing entity in the plan and the coverage of the departing firefighters by the plan shall cease as of the date the requirements in this subdivision are completed and all assets credited to the entity's account are distributed.

(b) The governing board of the departing entity shall adopt the resolutions under subdivision 5 and deliver the resolutions to the executive director.

(c) The executive director shall:

(1) fully vest all departing firefighters as of the termination date and consider each departing firefighter 100 percent vested in the pension benefit accrued by the departing firefighter under the entity's account as of the termination date;

(2) determine the present value of each departing firefighter's accrued benefit as of the termination date, taking into account the benefit level under section 353G.11 or otherwise in effect for the departing firefighter as determined by the executive director;

(3) determine, as of the termination date, the value of accrued liabilities, including administrative expenses incurred or reasonably anticipated to be incurred through the distribution date, and the value of assets attributable to the entity's account; and

(4) to the extent necessary to minimize the risk of investment losses between the termination date and the distribution date, reinvest the assets credited to the entity's account in low-risk investments.

(d) If the entity's account has assets in excess of accrued liabilities, the executive director shall allocate the excess among all departing firefighters in the same proportion that the present value of the accrued benefit for each departing firefighter bears to the total present value of the accrued benefits of all departing firefighters, and each departing firefighter's benefit, as determined under paragraph (c), clause (2), shall be increased by the departing firefighter's share of the excess.

(e) The executive director shall, as soon as practicable after the termination date, distribute to each departing firefighter, regardless of whether the departing firefighter has attained age 50, the firefighter's benefit as calculated by the executive director under paragraphs (c) and (d). The distribution shall be made in a lump sum, either as a payment to the departing firefighter or as a direct rollover, if elected by the firefighter. If the departing firefighter is deceased, then the firefighter's benefit shall be paid to the firefighter's survivor under section 353G.12 or as a direct rollover, if elected by the survivor.

(f) The executive director shall pay supplemental benefits under section 424A.10, but only to the extent that the executive director will be reimbursed under section 424A.10, subdivision 3.

Subd. 5. Entity board resolutions. If an entity wishes to cease its participation in the plan and end the coverage of its former firefighters by the plan, the entity's governing board shall approve the following resolutions in a form satisfactory to the executive director:

(1) a statement of intent to terminate participation in the plan and cease the coverage by the plan of the entity's former firefighters; and

(2) the proposed termination date, which must be the last day of a month and at least 90 days after the date the resolutions are to be delivered to the executive director.

History: *1Sp2019 c 8 art 3 s 1; 2022 c 65 art 4 s 25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 45; art 8 s 15*

353G.19 CONVERSION TO DEFINED CONTRIBUTION PLAN.

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

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

(1) a resolution by the governing body of the participating employer;

(2) notice to all former and active volunteer firefighters of the fire department;

(3) full vesting of all active and former volunteer firefighters with an accrued benefit in the defined benefit plan attributable to service with the fire department; and

(4) allocation of surplus over full funding, if any, to individual accounts in the fire department's new account in the defined contribution plan.

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

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

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

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

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

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

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

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

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

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

Subd. 4. Full vesting and determination of accrued benefit. (a) On the conversion effective date, each active or former volunteer firefighter with a retirement benefit under the defined benefit plan, except any

retiree in pay status who is receiving a monthly benefit, becomes 100 percent vested as of the conversion effective date in the firefighter's retirement benefit, without regard to the number of years of vesting service credit.

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

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

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

- (1) continued payments in the same monthly amount; or
- (2) an immediate lump-sum distribution of the present value amount.

(b) The offer of an immediate lump-sum distribution must include an offer to the former volunteer firefighter or beneficiary to elect a direct rollover of the amount to an eligible retirement plan as permitted under section 356.633, subdivisions 1 and 2, if the distribution is an eligible rollover distribution as defined in section 356.633 subdivision 1, paragraph (d).

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

History: 2024 c 102 art 3 s 44; art 8 s 15

NOTE: This section, as added by Laws 2024, chapter 102, article 3, section 44, is effective January 1, 2026. Laws 2024, chapter 102, article 3, section 44, the effective date.