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 on the conversion effective date of all active and former volunteer firefighters with an accrued benefit in the defined benefit plan attributable to service with the fire department, to the extent funded as of the conversion effective date; 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, as of the valuation immediately preceding the conversion effective date, 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 vested in their accrued benefit to the extent funded 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 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 or, if the defined benefit plan does not have sufficient assets to fund 100 percent vesting, as close to 100 percent vested as the funding permits, 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 volunteer firefighter, in the same proportion that the volunteer firefighter's accrued benefit bears to the total accrued benefits of all active 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 (e).

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; 2025 c 37 art 19 s 7-11; 2026 c 88 art 1 s 192*