

This Document can be made available in alternative formats upon request

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 599

02/05/2015 Authored by Murphy, M.; Sanders; Kahn; Bernardy and Newton
The bill was read for the first time and referred to the Committee on Government Operations and Elections Policy

1.1 A bill for an act
1.2 relating to retirement; establishing a voluntary statewide monthly benefit
1.3 volunteer firefighter retirement plan to permit transfers of local monthly
1.4 benefit volunteer firefighters relief association plan administration to the Public
1.5 Employees Retirement Association; amending Minnesota Statutes 2014,
1.6 sections 11A.17, subdivision 2; 353G.01, subdivisions 6, 7, 11, 12, by adding
1.7 subdivisions; 353G.02; 353G.03; 353G.04; 353G.05; 353G.06; 353G.07;
1.8 353G.08; 353G.09; 353G.10; 353G.11; 353G.115; 353G.12, subdivision 2,
1.9 by adding a subdivision; 353G.13; 353G.14; 353G.15; 353G.16; 356.215,
1.10 subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 353G.

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

1.12 Section 1. Minnesota Statutes 2014, section 11A.17, subdivision 2, is amended to read:

1.13 Subd. 2. **Assets.** (a) The assets of the supplemental investment fund consist of the
1.14 money certified and transmitted to the state board from the participating public retirement
1.15 plans and funds and from the voluntary statewide ~~lump-sum~~ volunteer firefighter
1.16 retirement plan under section 353G.08.

1.17 (b) With the exception of the assets of the voluntary statewide ~~lump-sum~~ volunteer
1.18 firefighter retirement fund, the assets must be used to purchase investment shares in
1.19 the investment accounts as specified by the plan or fund. The assets of the voluntary
1.20 statewide ~~lump-sum~~ volunteer firefighter retirement fund must be invested in the volunteer
1.21 firefighter account.

1.22 (c) These accounts must be valued at least on a monthly basis but may be valued
1.23 more frequently as determined by the State Board of Investment.

1.24 **EFFECTIVE DATE.** This section is effective July 1, 2015.

1.25 Sec. 2. Minnesota Statutes 2014, section 353G.01, subdivision 6, is amended to read:

2.1 Subd. 6. **Fund.** "Fund" means the voluntary statewide ~~lump-sum~~ volunteer
2.2 firefighter retirement fund established under section 353G.02, subdivision 3.

2.3 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.4 Sec. 3. Minnesota Statutes 2014, section 353G.01, subdivision 7, is amended to read:

2.5 Subd. 7. **Good time service credit.** "Good time service credit" means the length of
2.6 service credit for an active firefighter that is reported by the applicable fire chief based
2.7 on the minimum firefighter activity standards of the fire department. The credit may be
2.8 ~~recognized~~ reported on an annual or monthly basis.

2.9 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.10 Sec. 4. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
2.11 to read:

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

2.14 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.15 Sec. 5. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
2.16 to read:

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

2.19 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.20 Sec. 6. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
2.21 to read:

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

2.25 **EFFECTIVE DATE.** This section is effective July 1, 2015.

2.26 Sec. 7. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
2.27 to read:

2.28 Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement
2.29 division" means the division of the plan governed by section 353G.113.

3.1 **EFFECTIVE DATE.** This section is effective July 1, 2015.

3.2 Sec. 8. Minnesota Statutes 2014, section 353G.01, subdivision 11, is amended to read:

3.3 Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide
 3.4 ~~lump-sum~~ volunteer firefighter retirement fund established under section 353G.02,
 3.5 subdivision 3.

3.6 **EFFECTIVE DATE.** This section is effective July 1, 2015.

3.7 Sec. 9. Minnesota Statutes 2014, section 353G.01, subdivision 12, is amended to read:

3.8 Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either
 3.9 the lump-sum retirement division or the monthly benefit retirement division, established
 3.10 by this chapter.

3.11 **EFFECTIVE DATE.** This section is effective July 1, 2015.

3.12 Sec. 10. Minnesota Statutes 2014, section 353G.02, is amended to read:

3.13 **353G.02 PLAN AND FUND CREATION.**

3.14 Subdivision 1. **Retirement plan.** The voluntary statewide ~~lump-sum~~ volunteer
 3.15 firefighter retirement plan, consisting of a lump-sum retirement division and a monthly
 3.16 benefit retirement division, is created.

3.17 Subd. 2. **Administration.** The policy-making, management, and administrative
 3.18 functions related to the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement
 3.19 plan and fund are vested in the board of trustees and the executive director of the Public
 3.20 Employees Retirement Association. Their duties, authority, and responsibilities are as
 3.21 provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken
 3.22 in a manner consistent with chapter 356A.

3.23 Subd. 3. **Retirement fund.** (a) The voluntary statewide ~~lump-sum~~ volunteer
 3.24 firefighter retirement fund, consisting of a lump-sum account and a monthly benefit
 3.25 account, is created. The fund contains the assets attributable to the voluntary statewide
 3.26 ~~lump-sum~~ volunteer firefighter retirement plan.

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

3.31 (c) The commissioner of management and budget is the ex officio treasurer of the
 3.32 voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund. The commissioner of

4.1 management and budget's general bond to the state covers all liability for actions taken as
4.2 the treasurer of the retirement fund.

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

4.8 Subd. 4. **Audit; actuarial valuation.** (a) The legislative auditor shall periodically
4.9 audit the voluntary statewide ~~lump-sum~~ volunteer firefighter retirement fund.

4.10 (b) An actuarial valuation of the lump-sum retirement division of the voluntary
4.11 statewide ~~lump-sum~~ volunteer firefighter retirement plan may be performed periodically as
4.12 determined to be appropriate or useful by the board. An actuarial valuation of the monthly
4.13 benefit retirement division of the voluntary statewide volunteer firefighter retirement plan
4.14 must be performed as frequently as required by government sector generally accepted
4.15 accounting standards. An actuarial valuation must be performed by the approved
4.16 actuary retained under section 356.214 and must conform with section 356.215 and the
4.17 standards for actuarial work. An actuarial valuation must contain sufficient detail for each
4.18 participating employing entity to ascertain the actuarial condition of its account in the
4.19 fund and the contribution requirement towards its account.

4.20 Subd. 5. **Legal advisor; attorney general.** (a) The legal advisor of the board
4.21 and the executive director with respect to the voluntary statewide ~~lump-sum~~ volunteer
4.22 firefighter retirement plan is the attorney general.

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

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

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

4.29 **EFFECTIVE DATE.** This section is effective July 1, 2015.

4.30 Sec. 11. Minnesota Statutes 2014, section 353G.03, is amended to read:

4.31 **353G.03 VOLUNTARY STATEWIDE ~~LUMP-SUM~~ VOLUNTEER**
4.32 **FIREFIGHTER RETIREMENT PLAN ADVISORY BOARD.**

4.33 Subdivision 1. **Establishment.** A Voluntary Statewide ~~Lump-Sum~~ Volunteer
4.34 Firefighter Retirement Plan Advisory Board is created.

5.1 Subd. 2. **Function; purpose.** The advisory board shall meet periodically to provide
 5.2 advice to the board of trustees of the Public Employees Retirement Association about the
 5.3 retirement coverage needs of volunteer firefighters who are members of the retirement
 5.4 plan and about the legislative and administrative changes that would assist the retirement
 5.5 plan in accommodating volunteer firefighters who are not members of the retirement plan.

5.6 Subd. 3. **Composition.** (a) The advisory board consists of ~~seven~~ eight members.

5.7 (b) The advisory board members are:

5.8 (1) one representative of Minnesota townships, appointed by the Minnesota
 5.9 Association of Townships;

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

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

5.14 (4) ~~two~~ three representatives of Minnesota volunteer firefighters, all who are active
 5.15 volunteer firefighters, two of whom are covered by the lump-sum retirement division and
 5.16 one of whom is covered by the monthly benefit retirement division, appointed by the
 5.17 Minnesota State Fire Departments Association; and

5.18 (5) one representative of the Office of the State Auditor, designated by the state
 5.19 auditor.

5.20 Subd. 4. **Term.** (a) ~~The initial terms on the advisory board for the Minnesota~~
 5.21 ~~townships representative and the Minnesota fire chiefs representative are one year. The~~
 5.22 ~~initial terms on the advisory board for one of the Minnesota cities representatives and one~~
 5.23 ~~of the Minnesota active volunteer firefighter representatives are two years. The initial~~
 5.24 ~~terms on the advisory board for the other Minnesota cities representative and the other~~
 5.25 ~~Minnesota active volunteer firefighter representative are three years. The term for the~~
 5.26 Office of the State Auditor representative is determined by the state auditor.

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

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

5.32 **EFFECTIVE DATE.** (a) The amendments to subdivisions 1, 2, 4, and 5 are
 5.33 effective July 1, 2015.

5.34 (b) The amendment to subdivision 3 is effective on the July 1 next following the
 5.35 date on which one or more volunteer firefighters relief associations providing monthly

6.1 service pensions in whole or in part transfers its administration to the Public Employees
 6.2 Retirement Association under Minnesota Statutes, chapter 353G.

6.3 Sec. 12. Minnesota Statutes 2014, section 353G.04, is amended to read:

6.4 **353G.04 INFORMATION FROM MUNICIPALITIES AND FIRE**
 6.5 **DEPARTMENTS.**

6.6 The chief executive officers of municipalities and fire departments with volunteer
 6.7 firefighters covered by the voluntary ~~lump-sum~~ statewide volunteer firefighter retirement
 6.8 plan shall provide all relevant information and records requested by the board, the
 6.9 executive director, and the State Board of Investment as required to perform their duties.

6.10 Sec. 13. Minnesota Statutes 2014, section 353G.05, is amended to read:

6.11 **353G.05 PLAN COVERAGE ELECTION.**

6.12 Subdivision 1. **Coverage.** Any municipality or independent nonprofit firefighting
 6.13 corporation may elect to have its volunteer firefighters covered by the lump-sum
 6.14 retirement division or the monthly benefit retirement division of the retirement plan,
 6.15 whichever applies.

6.16 Subd. 2. **Election of coverage; lump sum.** (a) The process for electing coverage of
 6.17 volunteer firefighters by the lump-sum retirement plan division is initiated by a request
 6.18 to the executive director for a cost analysis of the prospective retirement coverage under
 6.19 the lump-sum retirement division.

6.20 (b) If the volunteer firefighters are currently covered by a lump-sum volunteer
 6.21 firefighters relief association or a defined contribution volunteer firefighters' relief
 6.22 association governed by chapter 424A, the cost analysis of the prospective retirement
 6.23 coverage must be requested jointly by the secretary of the volunteer firefighters relief
 6.24 association, following approval of the request by the board of the volunteer firefighters
 6.25 relief association, and the chief administrative officer of the entity associated with the relief
 6.26 association, following approval of the request by the governing body of the entity associated
 6.27 with the relief association. If the relief association is associated with more than one
 6.28 entity, the chief administrative officer of each associated entity must execute the request.
 6.29 If the volunteer firefighters are not currently covered by a volunteer firefighters relief
 6.30 association, the cost analysis of the prospective retirement coverage must be requested by
 6.31 the chief administrative officer of the entity operating the fire department. The request
 6.32 must be made in writing and must be made on a form prescribed by the executive director.

6.33 (c) The cost analysis of the prospective retirement coverage by the lump-sum
 6.34 retirement division of the statewide retirement plan must be based on the service pension

7.1 amount under section 353G.11 closest to the service pension amount provided by the
7.2 volunteer firefighters relief association if the relief association is a lump-sum defined
7.3 benefit plan, or the amount equal to 95 percent of the most current average account
7.4 balance per relief association member if the relief association is a defined contribution
7.5 plan, or to the lowest service pension amount under section 353G.11 if there is no
7.6 volunteer firefighters relief association, rounded up, and any other service pension amount
7.7 designated by the requester or requesters. The cost analysis must be prepared using a
7.8 mathematical procedure certified as accurate by an approved actuary retained by the
7.9 Public Employees Retirement Association.

7.10 (d) If a cost analysis is requested and a volunteer firefighters' relief association exists
7.11 that has filed the information required under section 69.051 in a timely fashion, upon
7.12 request by the executive director, the state auditor shall provide the most recent data
7.13 available on the financial condition of the volunteer firefighters relief association, the most
7.14 recent firefighter demographic data available, and a copy of the current relief association
7.15 bylaws. If a cost analysis is requested, but no volunteer firefighters relief association
7.16 exists, the chief administrative officer of the entity operating the fire department shall
7.17 provide the demographic information on the volunteer firefighters serving as members
7.18 of the fire department requested by the executive director.

7.19 ~~(e) If a cost analysis is requested, the executive director of the State Board of~~
7.20 ~~Investment shall review the investment portfolio of the relief association, if applicable,~~
7.21 ~~for compliance with the applicable provisions of chapter 11A and for appropriateness~~
7.22 ~~for retention under the established investment objectives and investment policies of the~~
7.23 ~~State Board of Investment. If the prospective retirement coverage change is approved~~
7.24 ~~under paragraph (f), the State Board of Investment may require that the relief association~~
7.25 ~~liquidate any investment security or other asset which the executive director of the State~~
7.26 ~~Board of Investment has determined to be an ineligible or inappropriate investment for~~
7.27 ~~retention by the State Board of Investment. The security or asset liquidation must occur~~
7.28 ~~before the effective date of the transfer of retirement plan coverage. If requested to do so by~~
7.29 ~~the chief administrative officer of the relief association, the executive director of the State~~
7.30 ~~Board of Investment shall provide advice about the best means to conduct the liquidation.~~

7.31 (f) ~~Upon receipt of the cost analysis, the governing body of the municipality~~
7.32 ~~or independent nonprofit firefighting corporation associated with the fire department~~
7.33 ~~shall either approve or disapprove the retirement coverage change within 120 days. If~~
7.34 ~~the retirement coverage change is not acted upon within 120 days, it is deemed to be~~
7.35 ~~disapproved. If the retirement coverage change is approved by the applicable governing~~

8.1 ~~body, coverage by the voluntary statewide lump-sum volunteer firefighter retirement plan~~
8.2 ~~is effective on the next following January 1.~~

8.3 Subd. 3. Election of coverage; monthly benefit. (a) The process for electing
8.4 coverage of volunteer firefighters by the monthly retirement division is initiated by a
8.5 request to the executive director for an actuarial cost analysis of the prospective retirement
8.6 coverage under the monthly benefit retirement division. This request must be made by
8.7 the secretary of the volunteer firefighters relief association and the chief administrative
8.8 officer of the entity associated with the relief association, both of which must first obtain
8.9 approval of the request from their respective municipal governing body or independent
8.10 nonprofit firefighting corporation. The request must be made in writing and must be made
8.11 on a form prescribed by the executive director.

8.12 (b) Coverage by the monthly benefit retirement division may only be elected if
8.13 the volunteer firefighters are covered by a monthly benefit volunteer firefighters relief
8.14 association governed by chapter 424A.

8.15 (c) The cost analysis under paragraph (a) must be prepared by the approved actuary
8.16 retained by the Public Employees Retirement Association. The cost analysis must be
8.17 based on:

8.18 (1) the service pension and other retirement benefit types and amounts in effect for
8.19 the volunteer firefighters relief association as of the date of the request and any other
8.20 amount or amounts designated by the requesters, as disclosed in a special actuarial
8.21 valuation prepared under sections 356.215 and 356.216; and

8.22 (2) the standards for actuarial work, and the actuarial assumptions utilized in the
8.23 most recent prior actuarial valuation, except that the applicable interest rate actuarial
8.24 assumption is six percent.

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

8.28 Subd. 4. Invested assets review. If a cost analysis is requested under subdivision 2
8.29 or 3, the executive director of the State Board of Investment shall review the investment
8.30 portfolio of the relief association, if applicable, for compliance with the applicable
8.31 provisions of chapter 11A and for appropriateness for retention under the established
8.32 investment objectives and investment policies of the State Board of Investment. If the
8.33 prospective retirement coverage change is approved under subdivision 5, the State
8.34 Board of Investment may require that the relief association liquidate any investment
8.35 security or other asset which the executive director of the State Board of Investment has
8.36 determined to be an ineligible or inappropriate investment for retention by the State Board

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

9.5 Subd. 5. **Finalization; coverage transfer.** Upon receipt of the cost analysis
 9.6 requested under subdivision 2 or 3, the governing body of the municipality or independent
 9.7 nonprofit firefighting corporation associated with the fire department shall either approve
 9.8 or disapprove the retirement coverage change within 120 days. If the retirement coverage
 9.9 change is not acted upon within 120 days, it is deemed to be disapproved. If the retirement
 9.10 coverage change is approved by the applicable governing body, coverage by the voluntary
 9.11 statewide volunteer firefighter retirement plan is effective on the January 1 next following
 9.12 the approval date.

9.13 Sec. 14. Minnesota Statutes 2014, section 353G.06, is amended to read:

9.14 **353G.06 DISESTABLISHMENT OF PRIOR VOLUNTEER FIREFIGHTERS**
 9.15 **RELIEF ASSOCIATION SPECIAL FUND UPON RETIREMENT COVERAGE**
 9.16 **CHANGE.**

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

9.23 Subd. 2. **Other relief association changes.** In addition to the transfer and
 9.24 disestablishment of the special fund under subdivision 1, notwithstanding any provisions
 9.25 of chapter 424A or 424B to the contrary, upon the effective date of the change in
 9.26 volunteer firefighter retirement coverage, if the relief association membership elects to
 9.27 retain the relief association as a fraternal organization after the benefit coverage election,
 9.28 the following changes must be implemented with respect to the applicable volunteer
 9.29 firefighters relief association:

9.30 (1) the relief association board of trustees membership is reduced to five, comprised
 9.31 of the fire chief of the fire department and four trustees elected by and from the relief
 9.32 association membership;

9.33 (2) the relief association may only maintain a general fund, which continues to
 9.34 be governed by section 424A.06;

10.1 (3) the relief association is not authorized to receive the proceeds of any state aid or
 10.2 to receive any municipal funds; and

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

10.6 Subd. 3. **Successor in interest.** Upon the disestablishment of the special fund of
 10.7 the volunteer firefighters relief association under this section, the voluntary statewide
 10.8 ~~lump-sum~~ volunteer firefighter retirement plan is the successor in interest of the special
 10.9 fund of the volunteer firefighters relief association for all claims against the special fund
 10.10 other than a claim against the special fund, the volunteer firefighters relief association,
 10.11 the municipality, the fire department, or any person connected with the volunteer
 10.12 firefighters relief association in a fiduciary capacity under chapter 356A or common law
 10.13 that was based on any act or acts which were not performed in good faith and which
 10.14 constituted a breach of a fiduciary obligation. As the successor in interest of the special
 10.15 fund of the volunteer firefighters relief association, the voluntary statewide ~~lump-sum~~
 10.16 volunteer firefighter retirement plan may assert any applicable defense in any judicial
 10.17 proceeding which the board of trustees of the volunteer firefighters relief association or the
 10.18 municipality would have been entitled to assert.

10.19 Sec. 15. Minnesota Statutes 2014, section 353G.07, is amended to read:

10.20 **353G.07 CERTIFICATION OF GOOD TIME SERVICE CREDIT.**

10.21 (a) Annually, by March 31, the fire chief of the fire department with firefighters who
 10.22 are active members of either the lump-sum retirement plan division or the monthly benefit
 10.23 retirement division shall certify to the executive director the good time service credit for the
 10.24 previous calendar year of each firefighter rendering active service with the fire department.

10.25 (b) The fire chief shall provide to each firefighter rendering active service with
 10.26 the fire department notification of the amount of good time service credit rendered by
 10.27 the firefighter for the calendar year. The good time service credit notification must be
 10.28 provided to the firefighter 60 days before its certification to the executive director of the
 10.29 Public Employees Retirement Association, along with an indication of the process for the
 10.30 firefighter to challenge the fire chief's determination of good time service credit. If the
 10.31 good time service credit amount is challenged in a timely fashion, the fire chief shall hold
 10.32 a hearing on the challenge, accept and consider any additional pertinent information,
 10.33 and make a final determination of good time service credit. The final determination of
 10.34 good time service credit by the fire chief is not reviewable by the executive director of

11.1 the Public Employees Retirement Association or by the board of trustees of the Public
11.2 Employees Retirement Association.

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

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

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

11.22 Sec. 16. Minnesota Statutes 2014, section 353G.08, is amended to read:

11.23 **353G.08 RETIREMENT PLAN FUNDING; DISBURSEMENTS.**

11.24 Subdivision 1. **Annual funding requirements; lump-sum retirement division.** (a)
11.25 Annually, the executive director shall determine the funding requirements of each account
11.26 in the lump-sum retirement division of the voluntary statewide ~~lump-sum~~ volunteer
11.27 firefighter retirement plan on or before August 1. The funding requirements ~~as directed~~
11.28 computed under this section, subdivision must be determined using a mathematical
11.29 procedure developed and certified as accurate by ~~an~~ the approved actuary retained by the
11.30 Public Employees Retirement Association and must be based on present value factors
11.31 using a six percent interest rate, without any decrement assumptions. The funding
11.32 requirements must be certified to the entity or entities associated with the fire department
11.33 whose active firefighters are covered by the retirement plan.

11.34 (b) The overall funding balance of each lump-sum account for the current calendar
11.35 year must be determined in the following manner:

12.1 (1) The total accrued liability for all active and deferred members of the account as
12.2 of December 31 of the current year must be calculated based on the good time service
12.3 credit of active and deferred members as of that date.

12.4 (2) The total present assets of the account projected to December 31 of the current
12.5 year, including receipts by and disbursements from the account anticipated to occur on or
12.6 before December 31, must be calculated. To the extent possible, the market value of assets
12.7 must be utilized in making this calculation.

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

12.15 (c) The financial requirements of each lump-sum account for the following calendar
12.16 year must be determined in the following manner:

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

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

12.23 (3) The amount of anticipated future administrative expenses of the account must be
12.24 calculated by multiplying the dollar amount of the administrative expenses for the most
12.25 recent prior calendar year by the factor of 1.035.

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

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

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

13.1 (d) The required contribution of the entity or entities associated with the fire
 13.2 department whose active firefighters are covered by the lump-sum retirement plan division
 13.3 is the annual financial requirements of the lump-sum account of the retirement plan under
 13.4 paragraph (c) reduced by the amount of any fire state aid payable under sections 69.011
 13.5 to 69.051 or any police and firefighter supplemental state aid payable under section
 13.6 423A.022 that is reasonably anticipated to be received by the retirement plan attributable
 13.7 to the entity or entities during the following calendar year, and an amount of interest on
 13.8 the assets projected to be received during the following calendar year calculated at the
 13.9 rate of six percent per annum. The required contribution must be allocated between the
 13.10 entities if more than one entity is involved. A reasonable amount of anticipated fire state
 13.11 aid is an amount that does not exceed the fire state aid actually received in the prior year
 13.12 multiplied by the factor 1.035.

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

13.20 Subd. 1a. Annual funding requirements; monthly benefit retirement division.

13.21 (a) Annually, the executive director shall determine the funding requirements of each
 13.22 monthly benefit account in the voluntary statewide volunteer firefighter retirement plan on
 13.23 or before August 1.

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

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

13.29 (2) the standards for actuarial work, utilizing a six percent interest rate actuarial
 13.30 assumption and other actuarial assumptions approved under section 356.215, subdivision
 13.31 18:

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

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

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

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

14.6 (c) The required contributions of the entity or entities associated with the fire
 14.7 department whose active firefighters are covered by the monthly benefit retirement
 14.8 division are the annual financial requirements of the monthly benefit account of the
 14.9 retirement plan under paragraph (b) reduced by the amount of any fire state aid payable
 14.10 under sections 69.011 to 69.051, or any police and firefighter supplemental state aid
 14.11 payable under section 423A.022, that is reasonably anticipated to be received by the
 14.12 retirement plan attributable to the entity or entities during the following calendar year.
 14.13 The required contribution must be allocated between the entities if more than one entity
 14.14 is involved. A reasonable amount of anticipated fire state aid is an amount that does not
 14.15 exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

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

14.23 **Subd. 2. Cash flow funding requirement.** If the executive director determines
 14.24 that ~~an~~ a lump-sum retirement or a monthly benefit retirement account in the voluntary
 14.25 statewide ~~lump-sum~~ volunteer firefighter retirement plan has insufficient assets to meet the
 14.26 service pensions ~~determined~~ expected to be payable from the account over the succeeding
 14.27 two years, the executive director shall certify the amount of the potential service pension
 14.28 shortfall to the municipality or municipalities and the municipality or municipalities shall
 14.29 make an additional employer contribution to the account within ten days of the certification.
 14.30 If more than one municipality is associated with the account, unless the municipalities agree
 14.31 to and implement a different allocation, the municipalities shall allocate the additional
 14.32 employer contribution one-half in proportion to the population of each municipality and
 14.33 one-half in proportion to the estimated market value of the property of each municipality.

14.34 **Subd. 2a. Additional municipal contributions authorized.** (a) At the discretion of
 14.35 the municipality or the independent nonprofit firefighting corporation associated with a fire
 14.36 department covered by a voluntary statewide ~~lump-sum~~ volunteer firefighter retirement

15.1 plan account, the municipality or the corporation may make additional contributions
15.2 to the applicable account.

15.3 (b) The executive director of the Public Employees Retirement Association
15.4 may specify requirements as to the form, timing, and accompanying information for
15.5 contributions made under this subdivision.

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

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

15.13 (1) the administrative expenses of the retirement plan;

15.14 (2) the investment expenses of the retirement fund;

15.15 (3) the service pensions payable under section 353G.10, 353G.11, 353G.14, or
15.16 353G.15;

15.17 (4) the survivor benefits payable under section 353G.12; and

15.18 (5) the disability benefit coverage insurance premiums under section 353G.115.

15.19 Sec. 17. Minnesota Statutes 2014, section 353G.09, is amended to read:

15.20 **353G.09 RETIREMENT BENEFIT ELIGIBILITY.**

15.21 Subdivision 1. **Entitlement.** Except as provided in subdivision 3, an active member
15.22 of the retirement plan is entitled to a ~~lump-sum~~ service pension from the retirement plan
15.23 if the person:

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

15.25 (2) has attained the age of at least 50 years;

15.26 (3) has completed at least five years of good time service credit as a member of the
15.27 retirement plan if the person is a member of the lump-sum retirement division or has
15.28 completed at least the minimum number of years of good time service credit as a member
15.29 of the retirement plan specified in the retirement benefit plan document attributable to the
15.30 applicable fire department if the person is a member of the monthly benefit retirement
15.31 division; and

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

15.33 Subd. 2. **Vesting schedule; nonforfeitable portion of service pension.** (a) If an
15.34 active member of the lump-sum retirement division has completed less than 20 years of
15.35 good time service credit as a member of the lump-sum retirement division of the plan, the

16.1 person's entitlement to a service pension is equal to the nonforfeitable percentage of the
 16.2 applicable service pension amount, as follows:

16.3	Completed years of good time	Nonforfeitable percentage of the
16.4	service credit	service pension
16.5	5	40 percent
16.6	6	44 percent
16.7	7	48 percent
16.8	8	52 percent
16.9	9	56 percent
16.10	10	60 percent
16.11	11	64 percent
16.12	12	68 percent
16.13	13	72 percent
16.14	14	76 percent
16.15	15	80 percent
16.16	16	84 percent
16.17	17	88 percent
16.18	18	92 percent
16.19	19	96 percent
16.20	20 and thereafter	100 percent

16.21 (b) If an active member of the monthly benefit retirement division has completed less
 16.22 than 20 years of good time service credit as a member of the monthly benefit retirement
 16.23 division of the plan, the person's entitlement to a service pension must be governed by the
 16.24 retirement benefit plan document attributable to the applicable fire department.

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

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

16.29 (2) has attained the age of at least 50 years or the age for receipt of a service pension
 16.30 under the benefit plan of the applicable former volunteer firefighters relief association as
 16.31 of the date immediately prior to the election of the retirement coverage change, whichever
 16.32 is later;

16.33 (3) has completed at least five years of active service with the fire department and
 16.34 at least five years in total as a member of the applicable former volunteer firefighters
 16.35 relief association or of the lump-sum retirement division of the retirement plan, but has
 16.36 not rendered at least five years of good time service credit as a member of the lump-sum
 16.37 retirement division of the plan; and

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

17.1 (b) If retirement coverage prior to statewide retirement plan coverage was provided
 17.2 by a defined benefit lump-sum retirement plan volunteer firefighters relief association,
 17.3 the alternative lump-sum service pension is the service pension amount specified in the
 17.4 bylaws of the applicable former volunteer firefighters relief association either as of the
 17.5 date immediately ~~prior to~~ before the election of the retirement coverage change or as of
 17.6 the date immediately before the termination of firefighting services, whichever is earlier,
 17.7 multiplied by the total number of years of service as a member of that volunteer firefighters
 17.8 relief association and as a member of the retirement plan. If retirement coverage ~~prior to~~
 17.9 before statewide retirement plan coverage was provided by a defined contribution plan
 17.10 volunteer firefighters relief association, the alternative lump-sum service pension is an
 17.11 amount equal to the person's account balance as of the date immediately ~~prior to~~ before
 17.12 the date on which statewide retirement plan coverage was first provided to the person plus
 17.13 six percent annual compound interest from that date until the date immediately ~~prior~~
 17.14 ~~to~~ before the date of retirement.

17.15 Sec. 18. Minnesota Statutes 2014, section 353G.10, is amended to read:

17.16 **353G.10 DEFERRED SERVICE PENSION AMOUNT.**

17.17 A person who was an active member of a fire department covered by either the
 17.18 lump-sum retirement division or the monthly benefit retirement division of the retirement
 17.19 plan who has separated from active firefighting service for at least 30 days and who has
 17.20 completed at least five years of good time service credit, but has not attained the age of 50
 17.21 years, is entitled to a deferred service pension on or after attaining the age of 50 years
 17.22 and applying in a manner specified by the executive director for the service pension. The
 17.23 service pension payable is the nonforfeitable percentage of the service pension under
 17.24 section 353G.09, subdivision 2, and is payable without any interest on or increase in the
 17.25 service pension over the period of deferral.

17.26 Sec. 19. Minnesota Statutes 2014, section 353G.11, is amended to read:

17.27 **353G.11 LUMP-SUM RETIREMENT DIVISION SERVICE PENSION**
 17.28 **LEVELS.**

17.29 Subdivision 1. **Levels; lump-sum retirement division.** The lump-sum retirement
 17.30 division of the retirement plan provides the following levels of service pension amounts to
 17.31 be selected at the election of coverage, or, if fully funded, thereafter:

17.32	Level A	\$500 per year of good time service credit
17.33	Level B	\$600 per year of good time service credit
17.34	Level C	\$700 per year of good time service credit

18.1	Level D	\$800 per year of good time service credit
18.2	Level E	\$900 per year of good time service credit
18.3	Level F	\$1,000 per year of good time service credit
18.4	Level G	\$1,250 per year of good time service credit
18.5	Level H	\$1,500 per year of good time service credit
18.6	Level I	\$2,000 per year of good time service credit
18.7	Level J	\$2,500 per year of good time service credit
18.8	Level K	\$3,000 per year of good time service credit
18.9	Level L	\$3,500 per year of good time service credit
18.10	Level M	\$4,000 per year of good time service credit
18.11	Level N	\$4,500 per year of good time service credit
18.12	Level O	\$5,000 per year of good time service credit
18.13	Level P	\$5,500 per year of good time service credit
18.14	Level Q	\$6,000 per year of good time service credit
18.15	Level R	\$6,500 per year of good time service credit
18.16	Level S	\$7,000 per year of good time service credit
18.17	Level T	\$7,500 per year of good time service credit

18.18 Subd. 1a. **Continuation of prior lump-sum service pension levels.** If a
18.19 municipality or independent nonprofit firefighting corporation ~~elects~~ elects to be covered
18.20 by the lump-sum retirement division of the retirement plan ~~prior to~~ before January 1,
18.21 2010, and ~~selects~~ selected the \$750 per year of good time service credit service pension
18.22 amount effective for January 1, 2010, that level continues for the volunteer firefighters of
18.23 that municipality or independent nonprofit firefighting corporation until a different service
18.24 pension amount is selected under subdivision 2 after January 1, 2010.

18.25 Subd. 2. **Lump-sum retirement division level selection.** At the time of the election
18.26 to transfer retirement coverage to the lump-sum retirement division of the retirement plan,
18.27 or on April 30 thereafter, the governing body or bodies of the entity or entities operating
18.28 the fire department whose firefighters are covered by the retirement plan may request
18.29 a cost estimate from the executive director of an increase in the service pension level
18.30 applicable to the active firefighters of the fire department. Within 90 days of the receipt of
18.31 the cost estimate prepared by the executive director using a procedure certified as accurate
18.32 by the approved actuary retained by the Public Employees Retirement Association, the
18.33 governing body or bodies may approve the service pension level change, effective for the
18.34 following calendar year. If not approved in a timely fashion, the service pension level
18.35 change is considered to have been disapproved.

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

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

19.4 Sec. 20. **[353G.112] MONTHLY BENEFIT RETIREMENT DIVISION SERVICE**
 19.5 **PENSION LEVELS.**

19.6 The service pension amount for the firefighters of a fire department covered by
 19.7 the monthly benefit retirement division of the retirement plan is the amount specified in
 19.8 the articles of incorporation or bylaws of the applicable former volunteer firefighters
 19.9 relief association in effect as of the last day before the date on which retirement coverage
 19.10 transferred to the voluntary statewide volunteer firefighter retirement plan unless modified
 19.11 as provided in section 353G.121.

19.12 Sec. 21. Minnesota Statutes 2014, section 353G.115, is amended to read:

19.13 **353G.115 DISABILITY BENEFIT COVERAGE; AUTHORITY FOR**
 19.14 **CASUALTY INSURANCE.**

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

19.17 (b) If the board approves the arrangement, disability coverage for the lump-sum
 19.18 retirement division of the statewide retirement plan members may be provided through
 19.19 a group disability insurance policy obtained from an insurance company licensed to do
 19.20 business in this state. The lump-sum retirement account of the voluntary statewide
 19.21 lump-sum volunteer firefighter retirement plan is authorized to pay the premium for the
 19.22 disability insurance authorized by this paragraph. The proportional amount of the total
 19.23 annual disability insurance premium must be added to the required contribution amount
 19.24 determined under section 353G.08.

19.25 (c) The disability benefit coverage for the monthly benefit retirement division is the
 19.26 disability service pension amount specified in the articles of incorporation or bylaws of the
 19.27 applicable former volunteer firefighters relief association in effect as of the last day before
 19.28 the date on which retirement coverage transferred to the voluntary statewide volunteer
 19.29 firefighter retirement plan, subject to all conditions and limitations in the disability service
 19.30 pension specified therein, unless modified as provided in section 353G.121.

19.31 Sec. 22. Minnesota Statutes 2014, section 353G.12, subdivision 2, is amended to read:

19.32 Subd. 2. **Lump-sum retirement plan; survivor benefit amount.** The amount of
 19.33 the survivor benefit for the lump-sum retirement division is the amount of the lump-sum

20.1 service pension that would have been payable to the member of the lump-sum retirement
 20.2 plan division on the date of death if the member had been age 50 or older on that date.

20.3 Sec. 23. Minnesota Statutes 2014, section 353G.12, is amended by adding a
 20.4 subdivision to read:

20.5 Subd. 3. **Monthly benefit retirement plan; survivor benefit amount.** The amount
 20.6 of the survivor benefit for the monthly benefit retirement division is the survivor service
 20.7 pension amount specified in the articles of incorporation or bylaws of the applicable
 20.8 former volunteer firefighters relief association in effect as of the last day before the date
 20.9 on which retirement coverage transferred to the voluntary statewide volunteer firefighter
 20.10 retirement plan, subject to all conditions and limitations for the benefit specified therein,
 20.11 unless modified as provided in section 353G.121.

20.12 Sec. 24. [353G.121] MONTHLY BENEFIT RETIREMENT DIVISION;
 20.13 POST-TRANSFER BENEFIT PLAN DOCUMENT MODIFICATIONS.

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

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

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

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

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

21.14 Sec. 25. Minnesota Statutes 2014, section 353G.13, is amended to read:

21.15 **353G.13 LUMP-SUM RETIREMENT DIVISION; PORTABILITY.**

21.16 Subdivision 1. **Eligibility.** An active firefighter who is a member of the lump-sum
 21.17 retirement division of the retirement plan who also renders firefighting service and has
 21.18 good time service credit in the lump-sum retirement division of the retirement plan from
 21.19 another fire department, if the good time service credit in the plan from a combination of
 21.20 periods totals at least five years, is eligible, upon complying with the other requirements of
 21.21 section 353G.09, to receive a lump-sum service pension upon filing an application in the
 21.22 manner prescribed by the executive director, computed as provided in subdivision 2.

21.23 Subd. 2. **Combined service pension computation.** The lump-sum service pension
 21.24 payable to a firefighter who qualifies under subdivision 1 is the per year of good time
 21.25 lump-sum service credit service pension amount in effect for each lump-sum retirement
 21.26 account in which the firefighter has good time service credit as of the date on which the
 21.27 firefighter terminated active service with the fire department associated with the applicable
 21.28 account, multiplied by the number of years of good time service credit that the firefighter
 21.29 has in the applicable account.

21.30 Subd. 3. **Payment.** A lump-sum service pension under this section must be paid
 21.31 in a single payment, with the applicable portion of the total lump-sum service pension
 21.32 payment amount deducted from each lump-sum retirement account.

21.33 Sec. 26. Minnesota Statutes 2014, section 353G.14, is amended to read:

21.34 **353G.14 PURCHASE OF ANNUITY CONTRACTS.**

22.1 The executive director may purchase an annuity contract on behalf of a retiring
 22.2 firefighter retiring from the lump-sum retirement division of the statewide retirement
 22.3 plan with a total premium payment in an amount equal to the lump-sum service pension
 22.4 payable under section 353G.09 if the purchase was requested by the retiring firefighter in a
 22.5 manner prescribed by the executive director. The annuity contract must be purchased from
 22.6 an insurance carrier that is licensed to do business in this state. If purchased, the annuity
 22.7 contract is in lieu of any service pension or other benefit from the lump-sum retirement
 22.8 plan of the retirement plan. The annuity contract may be purchased at any time after the
 22.9 volunteer firefighter discontinues active service, but the annuity contract must stipulate that
 22.10 no annuity amounts are payable before the former volunteer firefighter attains the age of 50.

22.11 Sec. 27. Minnesota Statutes 2014, section 353G.15, is amended to read:

22.12 **353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.**

22.13 Upon receipt of a determination that the voluntary statewide volunteer firefighter
 22.14 retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue
 22.15 Code, as amended, the executive director, upon request, shall transfer ~~the~~ a lump-sum
 22.16 service pension amount under sections 353G.08 and 353G.11 of a former volunteer
 22.17 firefighter who has terminated active firefighting services covered by the lump-sum
 22.18 retirement division of the statewide plan and who has attained the age of at least 50 years
 22.19 to the person's individual retirement account under section 408(a) of the federal Internal
 22.20 Revenue Code, as amended. The transfer request must be in a manner prescribed by the
 22.21 executive director and must be filed by the former volunteer firefighter who has sufficient
 22.22 service credit to be entitled to a service pension or, following the death of a participating
 22.23 active firefighter, must be filed by the deceased firefighter's surviving spouse.

22.24 Sec. 28. Minnesota Statutes 2014, section 353G.16, is amended to read:

22.25 **353G.16 EXEMPTION FROM PROCESS.**

22.26 The provisions of section 356.401 apply to the voluntary statewide volunteer
 22.27 firefighter retirement plan.

22.28 Sec. 29. Minnesota Statutes 2014, section 356.215, subdivision 8, is amended to read:

22.29 Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the
 22.30 applicable following interest assumption:

22.31 (1) select and ultimate interest rate assumption

	plan	ultimate interest rate assumption
23.1		
23.2		
23.3	general state employees retirement plan	8.5%
23.4	correctional state employees retirement plan	8.5
23.5	State Patrol retirement plan	8.5
23.6	legislators retirement plan, and for the	0
23.7	constitutional officers calculation of total plan	
23.8	liabilities	
23.9	judges retirement plan	8.5
23.10	general public employees retirement plan	8.5
23.11	public employees police and fire retirement plan	8.5
23.12	local government correctional service	8.5
23.13	retirement plan	
23.14	teachers retirement plan	8.5
23.15	St. Paul teachers retirement plan	8.5

23.16 Except for the legislators retirement plan and the constitutional officers calculation
 23.17 of total plan liabilities, the select preretirement interest rate assumption for the period after
 23.18 June 30, 2012, through June 30, 2017, is 8 percent.

23.19 (2) single rate interest rate assumption

	plan	interest rate assumption
23.20		
23.21		
23.22	Bloomington Fire Department Relief Association	6
23.23	local monthly benefit volunteer firefighters relief	5
23.24	associations	
23.25	<u>monthly benefit retirement plans in the statewide</u>	<u>6</u>
23.26	<u>volunteer firefighter retirement plan</u>	

23.27 (b)(1) If funding stability has been attained, the valuation must use a postretirement
 23.28 adjustment rate actuarial assumption equal to the postretirement adjustment rate specified
 23.29 in section 354A.27, subdivision 7; 354A.29, subdivision 9; or 356.415, subdivision 1,
 23.30 whichever applies.

23.31 (2) If funding stability has not been attained, the valuation must use a select
 23.32 postretirement adjustment rate actuarial assumption equal to the postretirement adjustment
 23.33 rate specified in section 354A.27, subdivision 6a; 354A.29, subdivision 8; or 356.415,
 23.34 subdivision 1a, 1b, 1c, 1d, 1e, or 1f, whichever applies, for a period ending when the
 23.35 approved actuary estimates that the plan will attain the defined funding stability measure,
 23.36 and thereafter an ultimate postretirement adjustment rate actuarial assumption equal
 23.37 to the postretirement adjustment rate under section 354A.27, subdivision 7; 354A.29,
 23.38 subdivision 9; or 356.415, subdivision 1, for the applicable period or periods beginning
 23.39 when funding stability is projected to be attained.

24.1 (c) The actuarial valuation must use the applicable following single rate future salary
 24.2 increase assumption, the applicable following modified single rate future salary increase
 24.3 assumption, or the applicable following graded rate future salary increase assumption:

24.4 (1) single rate future salary increase assumption

24.5	plan	future salary increase assumption
24.6	legislators retirement plan	5%
24.7	judges retirement plan	3
24.8	Bloomington Fire Department Relief	4
24.9	Association	

24.10 (2) age-related future salary increase age-related select and ultimate future salary
 24.11 increase assumption or graded rate future salary increase assumption

24.12	plan	future salary increase assumption
24.13	local government correctional service retirement plan	assumption B
24.14	St. Paul teachers retirement plan	assumption A

24.15 For plans other than the St. Paul teachers
 24.16 retirement plan and the local government
 24.17 correctional service retirement plan, the
 24.18 select calculation is: during the designated
 24.19 select period, a designated percentage rate
 24.20 is multiplied by the result of the designated
 24.21 integer minus T, where T is the number of
 24.22 completed years of service, and is added
 24.23 to the applicable future salary increase
 24.24 assumption. The designated select period
 24.25 is ten years and the designated integer is
 24.26 ten for the local government correctional
 24.27 service retirement plan and 15 for the St.
 24.28 Paul Teachers Retirement Fund Association.
 24.29 The designated percentage rate is 0.2 percent
 24.30 for the St. Paul Teachers Retirement Fund
 24.31 Association.

24.32 The ultimate future salary increase assumption is:

24.33	age	A	B
24.34	16	5.9%	9%
24.35	17	5.9	9
24.36	18	5.9	9
24.37	19	5.9	9

25.1	20	5.9	9
25.2	21	5.9	8.75
25.3	22	5.9	8.5
25.4	23	5.85	8.25
25.5	24	5.8	8
25.6	25	5.75	7.75
25.7	26	5.7	7.5
25.8	27	5.65	7.25
25.9	28	5.6	7
25.10	29	5.55	6.75
25.11	30	5.5	6.75
25.12	31	5.45	6.5
25.13	32	5.4	6.5
25.14	33	5.35	6.5
25.15	34	5.3	6.25
25.16	35	5.25	6.25
25.17	36	5.2	6
25.18	37	5.15	6
25.19	38	5.1	6
25.20	39	5.05	5.75
25.21	40	5	5.75
25.22	41	4.95	5.75
25.23	42	4.9	5.5
25.24	43	4.85	5.25
25.25	44	4.8	5.25
25.26	45	4.75	5
25.27	46	4.7	5
25.28	47	4.65	5
25.29	48	4.6	5
25.30	49	4.55	5
25.31	50	4.5	5
25.32	51	4.45	5
25.33	52	4.4	5
25.34	53	4.35	5
25.35	54	4.3	5
25.36	55	4.25	4.75
25.37	56	4.2	4.75
25.38	57	4.15	4.5
25.39	58	4.1	4.25
25.40	59	4.05	4.25
25.41	60	4	4.25
25.42	61	4	4.25
25.43	62	4	4.25

26.1	63	4	4.25
26.2	64	4	4.25
26.3	65	4	4
26.4	66	4	4
26.5	67	4	4
26.6	68	4	4
26.7	69	4	4
26.8	70	4	4

26.9 (3) service-related ultimate future salary increase assumption

26.10	general state employees retirement plan of the	assumption A
26.11	Minnesota State Retirement System	
26.12	general employees retirement plan of the Public	assumption B
26.13	Employees Retirement Association	
26.14	Teachers Retirement Association	assumption C
26.15	public employees police and fire retirement plan	assumption D
26.16	State Patrol retirement plan	assumption E
26.17	correctional state employees retirement plan of the	assumption F
26.18	Minnesota State Retirement System	

26.19	service						
26.20	length	A	B	C	D	E	F
26.21	1	10.5%	12.03%	12%	13%	8%	6%
26.22	2	8.1	8.9	9	11	7.5	5.85
26.23	3	6.9	7.46	8	9	7	5.7
26.24	4	6.2	6.58	7.5	8	6.75	5.55
26.25	5	5.7	5.97	7.25	6.5	6.5	5.4
26.26	6	5.3	5.52	7	6.1	6.25	5.25
26.27	7	5	5.16	6.85	5.8	6	5.1
26.28	8	4.7	4.87	6.7	5.6	5.85	4.95
26.29	9	4.5	4.63	6.55	5.4	5.7	4.8
26.30	10	4.4	4.42	6.4	5.3	5.55	4.65
26.31	11	4.2	4.24	6.25	5.2	5.4	4.55
26.32	12	4.1	4.08	6	5.1	5.25	4.45
26.33	13	4	3.94	5.75	5	5.1	4.35
26.34	14	3.8	3.82	5.5	4.9	4.95	4.25
26.35	15	3.7	3.7	5.25	4.8	4.8	4.15
26.36	16	3.6	3.6	5	4.8	4.65	4.05
26.37	17	3.5	3.51	4.75	4.8	4.5	3.95
26.38	18	3.5	3.5	4.5	4.8	4.35	3.85
26.39	19	3.5	3.5	4.25	4.8	4.2	3.75
26.40	20	3.5	3.5	4	4.8	4.05	3.75
26.41	21	3.5	3.5	3.9	4.7	4	3.75
26.42	22	3.5	3.5	3.8	4.6	4	3.75
26.43	23	3.5	3.5	3.7	4.5	4	3.75

27.1	24	3.5	3.5	3.6	4.5	4	3.75
27.2	25	3.5	3.5	3.5	4.5	4	3.75
27.3	26	3.5	3.5	3.5	4.5	4	3.75
27.4	27	3.5	3.5	3.5	4.5	4	3.75
27.5	28	3.5	3.5	3.5	4.5	4	3.75
27.6	29	3.5	3.5	3.5	4.5	4	3.75
27.7	30 or more	3.5	3.5	3.5	4.5	4	3.75

27.8 (d) The actuarial valuation must use the applicable following payroll growth
 27.9 assumption for calculating the amortization requirement for the unfunded actuarial
 27.10 accrued liability where the amortization retirement is calculated as a level percentage
 27.11 of an increasing payroll:

27.12	plan	payroll growth assumption
27.13	general state employees retirement plan of the	3.75%
27.14	Minnesota State Retirement System	
27.15	correctional state employees retirement plan	3.75
27.16	State Patrol retirement plan	3.75
27.17	judges retirement plan	3
27.18	general employees retirement plan of the Public	3.75
27.19	Employees Retirement Association	
27.20	public employees police and fire retirement plan	3.75
27.21	local government correctional service retirement plan	3.75
27.22	teachers retirement plan	3.75
27.23	St. Paul teachers retirement plan	4

27.24 (e) The assumptions set forth in paragraphs (c) and (d) continue to apply, unless a
 27.25 different salary assumption or a different payroll increase assumption:

- 27.26 (1) has been proposed by the governing board of the applicable retirement plan;
 27.27 (2) is accompanied by the concurring recommendation of the actuary retained under
 27.28 section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the
 27.29 most recent actuarial valuation report if section 356.214 does not apply; and
 27.30 (3) has been approved or deemed approved under subdivision 18.