



Date: February 17, 2026  
To: Susan Lenczewski, LCPR Executive Director  
From: Doug Anderson, Executive Director  
Amy Streng, Policy Coordinator  
Subject: Statewide Volunteer Firefighter (SVF) Plan Incentive Plan Annual Report

In May 2023, the Legislature passed legislation that included a financial incentive for fire departments to join the PERA Statewide Volunteer Firefighter (SVF) Plan. The Legislature allocated \$5 million for distribution to departments joining the SVF on or after July 1, 2023. The legislation requires PERA to present an annual report to the LCPR until the appropriation has been expended. Since incentive money remains available, we are providing this annual report.

Since inception, 105 new plans with 2,390 active members have joined the SVF. The total amount of incentive payments are estimated to be \$3,440,000 (the final amounts for departments joining in 2026 are yet to be determined). The incentive fund has \$1,560,000 remaining available for future members. Exhibit A shows the plans that have joined, along with actual 2024 and 2025 payouts, and the estimated 2026 payout.

For comparison, the SVF grew by only 28 plans for the three years 2021, 2022, and 2023. The annual number of departments joining the three years after the incentive (2024, 2025, and 2026) is nearly four times higher than the number of plans joining the three years prior to the incentive program.

### ***Background***

There are over 700 volunteer fire departments in the State. Since the inception of the PERA SVF Plan in 2010, through 2022, approximately 215 departments elected to join. When a plan joins SVF, PERA takes over the administrative duties and the State Board of Investment assumes investment responsibilities. The Plan has grown steadily despite PERA not taking an active role in seeking new plans. While the Plan has had steady growth, the legislation reflects the belief that growth of the Plan can be accelerated with an incentive to join.

### ***Process***

PERA staff convened multiple meetings of the SVF Advisory Board in 2023 to review the legislative mandate and to develop an incentive plan outline. The SVF Advisory Board consists of ten members with one member appointed by the Minnesota Association of Townships, two members appointed by the League of Minnesota Cities, one fire chief appointed by the Minnesota State Fire Chiefs Association, two volunteer firefighters appointed by the Minnesota State Fire Chiefs Association, three volunteer firefighters appointed by the Minnesota State Fire Departments Association, and one member representing the State Auditor's office.

The Advisory Board's purpose is to provide advice to the PERA Board of Trustees about the retirement coverage needs of volunteer firefighters who are members of the SVF Plan and about

the legislative and administrative changes that would assist the SVF Plan in accommodating volunteer firefighters who are not members of the SVF Plan. The Advisory Board makes decisions by consensus and resulting recommendations are relayed to the PERA Board for formal positions.

The incentive program outline developed by the Advisory Board was presented to the PERA Board at the December 14, 2023 board meeting. The PERA Board unanimously supported the recommendation made by the Advisory Board.

***Incentive Program Outline***

The Advisory Board considered the few parameters provided by the Legislature and determined what it believed would be considered a successful outcome. After several iterations, the Advisory Board reached consensus on the following incentive program outline:

Step	Methodology
1	<ul style="list-style-type: none"> <li>• The initial incentive amount is:               <ul style="list-style-type: none"> <li>○ \$10,000 per plan, plus</li> <li>○ \$1,000 per active member</li> </ul> </li> <li>• The initial incentive amount applies to 2023, 2024, and 2025 entrants or until \$5M is exhausted</li> <li>• Order of eligibility is based on proper submission of participation documents</li> </ul>
2	<ul style="list-style-type: none"> <li>• If money remains in the incentive plan pool after allocation to 2023, 2024 and 2025 entrants, PERA will increase the incentive amount to:               <ul style="list-style-type: none"> <li>○ \$10,000 per plan, plus</li> <li>○ \$1,000 per active member, plus</li> <li>○ \$X per active member (amount to be determined by PERA)</li> </ul> </li> <li>• Each plan that entered prior to 2026 will receive the additional amount of \$X per active member</li> <li>• PERA has discretion to set the amount to maximize the addition of new plans</li> </ul>
3	<ul style="list-style-type: none"> <li>• If money remains in the incentive plan pool after allocation to 2026 entrants, Step 2 will be repeated until the fund is exhausted</li> </ul>

The Advisory Board met on January 20, 2026 and discussed the Step 2 option to increase the incentive plan formula. Because the rate of new participation has remained at an elevated level, the advisory board decided to maintain the initial incentive plan formula (See step #1 above). Based on the experience of the past three years, the remaining incentive balance should be sufficient to cover about 50 additional new entrants. If the rate of new entrants is consistent with the past two years, the \$5M incentive will be fully distributed within two years.

Also worth noting is that 2025 was the first year that the PERA SVF started administering Defined Contribution (DC) plans. There are currently seven DC plans in the PERA SVF. Starting in 2026 the SVF allows plans to convert from DB to DC. There have been no conversions yet.

# Exhibit A – SVF Incentive Summary

Entry Year	Plans	Active Members	Plan Entrants	Incentive Balance
				<b>\$5,000,000</b>
<b>2024</b>	<b>23</b>	<b>526</b>	West Suburban (7/1/23), Albertville, Balaton, Cologne, Dodge Center, East Bethel, Fayal, Garfield, Hallock, Hermantown, Hoffman, Ideal, Jacobson Community, Lake Elmo, Milroy, Myrtle, Nevis, New Munich, Paynesville, South Haven, Starbuck, Taunton, Waterville	(756,000)
<b>2025</b>	<b>52</b>	<b>1,199</b>	Arlington, Audubon, Battle Lake, Belle Plaine, Big Lake, Bigelow, Brooten, Chisago City, Claremont, Clear Lake, Clearwater, Cloquet, Cold Springs, Crosslake, Darfur, Dassel, Eastern Hubbard County, Eveleth, Fridley, Grand Rapids, Kennedy, Lindstrom, Litchfield, Luverne, Mabel, Madelia, Madison, Mahnomon, Maple Plain, McGrath, Nerstrand, New Brighton, New Harford/Nodine, Odin, Okabena, Ormsby, Prinsburg, Rogers, Springfield, St. Hilaire, St. Joseph, Stillwater, Tintah, Trimont, Truman, Twin Lakes (Freeborn County), Viking, Villard, Walnut Grove, Warroad, Westbrook, Wilson, Winsted	(1,719,000)
<b>2026</b>	<b><u>30</u></b>	<b><u>665</u></b>	Ada, Adrian Fire, Anoka-Champlin, Arrowhead, Askov, Beaver Creek, Becker, Bluffton, Cokato, Conger, Cromwell-Wright, Danvers, Deer Creek, Deerwood, Fifty Lakes, Floodwood, Heron Lake, Hibbing, Isle, Kandiyohi, Kensington, Little Falls, Menahga, Nashwauk, North St. Paul, Onamia, Sanborn, Thomson (Esko), Waubun, Winger	<u>(965,000)</u>
				<b>\$1,560,000</b>
	<b>105</b>	<b>2,390</b>		

