



H.F. 599
(Murphy, M.)

S.F. 537
(Johnson)

Executive Summary of Commission Staff Materials

Affected Pension Plan(s): Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan
Relevant Provisions of Law: Minnesota Statutes, Chapter 353G
General Nature of Proposal: Authorizes a monthly benefit retirement plan division
Date of Summary: March 5, 2015

Specific Proposed Changes

- Expands the current voluntary statewide lump-sum volunteer firefighter retirement plan and fund from applicability solely to lump sum and defined contribution volunteer firefighter relief associations to also authorize the election of coverage by and transfer assets and administration from one or more of the current 22 monthly benefit or combination lump sum/monthly benefit volunteer firefighter relief associations by creating two divisions in the retirement plan, one for the original lump sum retirement plan participants and a new one of any monthly benefit retirement plan participants.

Policy Issues Raised by the Proposed Legislation

1. Need for proposed legislation.
2. Appropriateness of the proposed administrative transfer approach.
3. Extent of administrative burden on PERA in administrative transfers.
4. Appropriate process for capturing benefit provisions and implementing benefit increases.
5. Appropriateness of mechanisms to insure funding adequacy and enforce contribution requirements.
6. Appropriateness of 6% interest rate actuarial assumption for statewide monthly benefit volunteer firefighter retirement administration.
7. Portability considerations.

Potential Amendments

Technical Amendment

- H0599-1A 1) adds a definition of "retirement benefit plan document" and replaces references to "prior relief association by laws or articles" with that defined term;
2) corrects a reference to the 2013 police and firefighters retirement supplemental state aid; and
3) adds specific effective dates for all sections of the proposed legislation, generally July 1, 2015, except for the addition of a monthly benefit firefighter to the statewide volunteer fire retirement plan advisory board, which is July 1 of the year in which a monthly benefit volunteer firefighter relief association joins the statewide plan, and the increase in the interest rate actuarial assumption for the monthly benefit plans in the statewide plan, which is June 30, 2015.

Other Amendments

H0599-2A modifies the appointing authorities for members of the voluntary statewide volunteer firefighters retirement plan advisory board, increasing the number of representatives appointed by the Minnesota State Fire Chiefs Association by one and reducing the number of representatives appointed by the Minnesota State Fire Departments Association by one.

H0599-3A provides for the payment of the initial administrative setup and programming costs incurred by PERA by the initial monthly benefit volunteer firefighter relief association electing to transfer administration to the statewide plan, to be recognized from subsequent monthly benefit volunteer firefighter relief associations joining the statewide plan with a three-tenths of one percent of December 31, 2012, asset value charge until the start-up costs are fully recovered.

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TO: Members of the Legislative Commission on Pensions and Retirement

FROM: Lawrence A. Martin, Executive Director *JLM*

RE: H.F. 599 (Murphy, M.); S.F. 537 (Johnson): Statewide Volunteer Firefighter Retirement Plan (PERA-SVFRP); Monthly Benefit Retirement Plan Division Authorization

DATE: March 5, 2015

General Summary of H.F. 599 (Murphy, M.); S.F. 537 (Johnson)

H.F. 599 (Murphy, M.); S.F. 537 (Johnson) relates to the current Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan (PERA-SVFRP), Minnesota Statutes, Chapter 353G, and expands that plan and fund from applicability solely to lump sum and defined contribution volunteer firefighter relief associations to also authorize the election of coverage by and transfer assets and administration from one or more of the current 22 monthly benefit or combination lump sum/monthly benefit volunteer firefighter relief associations by creating two divisions in the retirement plan, one for the original lump sum retirement plan participants and a new one of any monthly benefit retirement plan participants.

Public Pension Problem of the Blaine-Mounds View-Spring Lake Park Fire Department

The Blaine-Mounds View-Spring Lake Park Fire Department Volunteer Firefighters Relief Association is a monthly benefit volunteer firefighter relief association, meaning that it provides monthly annuity service pensions, disability benefits, and survivor benefits for the life of the recipient and that it is a more complicated to administer and fund than the more typical Minnesota volunteer firefighter relief association, which provides lump sum service pensions. The Blaine-Mounds View-Spring Lake Park Fire Department, an independent nonprofit firefighting corporation that contracts with the three municipalities, desires to be relieved of the day-to-day responsibilities of administering the retirement plan and to have the retirement plan managed by professional plan administrators, similar to the option currently available to lump sum volunteer firefighter relief associations through the Voluntary Statewide Lump-Sum Volunteer Firefighter Retirement Plan administered by the Public Employees Retirement Association (PERA-SVFRP).

Section-by-Section Summary

A section-by-section summary of H.F. 599 (Murphy, M.); S.F. 537 (Johnson) is attached.

Background Information on Relevant Topics

The following attachments provide background information on topics relevant to the proposed legislation:

- **Attachment A:** Background information on Minnesota monthly benefit or combination lump sum and monthly benefit volunteer firefighter relief associations.
- **Attachment B:** Background information on the Bloomington Fire Department Relief Association.

Discussion and Analysis

H.F. 599 (Murphy, M.); S.F. 537 (Johnson) amends Minnesota Statutes, Chapter 353G, to expand the Voluntary Statewide Lump Sum Volunteer Firefighter Retirement Plan, administered by the Public Employees Retirement Association (PERA-SVFRP) and invested by the Minnesota State Board of Investment, to include a division beyond the current lump sum retirement plan for any of the state's 22 monthly benefit or combination lump sum and monthly benefit volunteer firefighter relief associations that seek to transfer their administration from a local in-house set of administrators to statewide pension plan administration

The proposed legislation raises several pension and related public policy issues for consideration by and possible discussion between members of the Commission, including the following:

1. Need for Proposed Legislation. The policy issue is the extent of the need for the proposed expansion of the voluntary statewide volunteer firefighter retirement plan to include a division for members of the former monthly benefit and combination volunteer firefighter relief associations. The need could be measured by the extent of the current interest or the likely future interest by monthly benefit and

combination monthly benefit and lump sum volunteer firefighter relief associations to shift from internal administration by relief association officers and consultants retained by the relief association to professional public employee retirement plan administration. The Blaine-Mounds View-Spring Lake Park Volunteer Firefighters Relief Association has a current interest in transferring its administration to a better-situated administration entity and is the primary party supporting the proposed legislation. The Roseville Volunteer Firefighters' Relief Association, faced with a shift in the Roseville Fire Department from volunteer/emergency on-call firefighters to part-time paid firefighters and a depleted pool of potential relief association officers, is interested in having an administrative transfer to a statewide public employee retirement plan as an option either in the near term or in the long term to resolve its administrative structure problem. Reportedly, fire chiefs of some of the fire departments associated with monthly benefit or combination monthly benefit and lump sum volunteer firefighter relief associations also are interested in having an administrative transfer option. It would be appropriate for the Commission to take testimony from volunteer firefighter relief association and municipal representatives to determine the actual extent of this interest.

2. Appropriateness of the Proposed Administrative Transfer Approach. The policy issue is the appropriateness of the pension plan administrative transfer approach proposed in the proposed legislation as compared to other approaches. The proposed legislation would transfer the administration and day-to-day management of the monthly benefit or combination volunteer firefighter relief association to the Public Employees Retirement Association (PERA) through the mechanism of an expanded voluntary statewide volunteer firefighter retirement plan if the transfer is elected by the relief association membership and by the associated municipality.

An alternative would be to authorize the PERA to negotiate a specific arrangement with any monthly benefit or combination relief association and its municipality for a transfer of the administration of the relief association to PERA, if and when the parties elect to do so, based on terms formulated for each occasion.

Another alternative approach would be to create within PERA a statewide plan established specifically for the administration of monthly and combination volunteer firefighter relief associations that is entirely separate from the current voluntary statewide volunteer firefighter retirement plan.

The proposed transfer approach of expanding the current statewide volunteer fire retirement plan utilizes the successful growing voluntary statewide volunteer firefighter retirement plan to obtain a similar result for the more complex monthly benefit or combination lump sum and monthly benefit volunteer firefighter relief associations. The first identified alternative leaves PERA and the particular volunteer firefighter relief association and its associated municipality to work out the particulars of the transfer, which might follow a consistent body of particulars, but is unlikely to actually do so and may omit items that may be of later legislative concern. The second identified alternative would provide consistency in all potential future administration transfers from monthly benefit local volunteer firefighter relief associations to PERA without causing the extent of confusion that could be created within the volunteer fire community by attempting to aggregate together two types of benefit plans that have significant differences.

3. Extent of Administrative Burden on PERA in Administrative Transfers. The policy issue is the administrative burden that a transfer of the administration of up to two dozen local firefighter relief associations will create and whether the Public Employees Retirement Association (PERA) is well situated from experience to assume any burden. The administrative burden for a monthly benefit defined benefit retirement plan is largely identical to the burdens that PERA undertakes currently in operating the three statewide defined benefit retirement plans that it currently administers, the General Employee Retirement Plan (PERA-General), the Public Employees Police and Fire Retirement Plan (PERA-P&F), and the Local Government Correctional Service Retirement Plan (PERA-Correctional) in the collection of required contributions, the certification of assets to the State Board of Investment, the acquisition of actuarial valuation services, the conduct of accounting services, the interpretation of the benefit plan, the collection of service records, and the payment of retirement benefits. The potential burdensome aspects of a transfer to a statewide retirement plan administration of a local retirement plan that remains open to new members would be interacting with the municipality or municipalities associated with the former relief association and handling proposed benefit plan changes, especially service pension increases. Those aspects of the post-administrative transfer retirement plan operation may require retirement plan staff to travel to the applicable municipality. PERA is the Minnesota statewide retirement plan administration with the greatest amount of experience in administrative and total retirement plan consolidations, having been involved in over 50 local police and paid firefighter relief association administrative consolidations and total mergers, the 2010 administrative consolidation of the Minneapolis Employees Retirement Fund (MERF), and the 2014 total merger of the MERF Division into the PERA General Employees Retirement Plan (PERA-General).

4. Appropriate Process for Capturing Benefit Provisions and Implementing Benefit Increases. The policy issue is the appropriate manner in which the benefit plan elements of the retirement plan are to be implemented by the Public Employees Retirement Association (PERA) in administering the retirement plan and to undertake modifications of benefit plan changes. The various monthly benefit firefighters' relief associations and the various combination monthly benefit and lump sum firefighters' relief associations, as Minnesota nonprofit corporations, have their benefit plans currently set forth in the relief association's articles of incorporation and corporate bylaws, subject to certain state law minimum requirements and maximum benefit amounts. Unlike the defined benefit plans normally administered by PERA, the benefit plans are not contained in statute. Because the corporate articles of incorporation and bylaws are drafted primarily or wholly by relief association officials, modified periodically by adopted amendments, and irregularly engrossed and published, making them a less than optimal basis for administering the retirement plan for PERA, and, for future modifications, an unsuitable basis for amendments after the corporation is either extinguished in its entirety or repurposed for the sole function as a fraternal organization. Attempting to reduce 24 local relief association benefit plans to statute law that that would be applicable in the event that each elects to transfer its administration to PERA is impractical and likely to be determined to be regularly erroneous or incomplete. The proposed legislation provides for the administration of each monthly benefit account in the voluntary statewide volunteer firefighter retirement plan based on its current volunteer firefighter relief association articles of incorporation and bylaws and any subsequent addenda. If PERA or the Commission is concerned about this patchwork approach, some other method for affixing the elements of the relief association benefit plans will need to be developed either by the Legislature or by PERA.
5. Appropriateness of Mechanisms to Insure Funding Adequacy and Enforce Contribution Requirements. The policy issue is whether or not the proposed legislation is adequate to insure the adequacy of funding and the enforcement of contribution requirements of monthly benefit and combination volunteer firefighter retirement plans transferred to administration by the Public Employees Retirement Association (PERA). The proposed legislation requires regular actuarial valuations (at the frequency required by the Governmental Accounting Standards Board (GASB)), with an interest rate assumption of 6% (up from 5% for local monthly benefit volunteer firefighter relief associations), sets a variety of unfunded actuarial accrued liability amortization target dates (20 years from date of benefit increase, assumption change, or actuarial method change for benefit, assumption, or method changes; 10 years from the date of the investment loss for investment losses; and five years for an unfunded actuarial accrued liability from any other source, rather than the flat 20-year period from the date of the last benefit increase for monthly benefit volunteer firefighter relief associations), requires municipal or nonprofit firefighting corporation funding by any amount that the plan normal cost, administrative expenses, and total amortization requirement exceeds the fire state aid and the police and firefighter supplemental state aid received by the applicable municipality, unless a cash flow default is imminent, whereupon a two-year disbursement amount contribution is imposed immediately, and with general power for PERA to certify an additional tax levy, with interest, in the event of nonpayment or underpayment. The increased interest rate assumption, identical to the interest rate assumption implemented in 2009 for lump sum volunteer firefighter relief associations joining the statewide volunteer fire retirement plan, will produce a smaller actuarial accrued liability, while the interest assumption change and the shorter amortization target date changes will likely produce a larger amortization contribution requirement for former monthly benefit volunteer firefighter relief associations that have an unfunded actuarial accrued liability. The transfer of administration to a statewide retirement plan, with the cost of actuarial consulting an audit functions spread over several larger retirement plans, should produce a considerable reduction in plan administration costs and the use of the State Board of Investment for all assets should also reduce the investment expenses of many of the monthly benefit volunteer firefighter relief associations that otherwise would occur.
6. Appropriateness of 6% Interest Rate Actuarial Assumption for Statewide Monthly Benefit Volunteer Firefighter Retirement Administration. The policy issue is whether or not an increase in the interest rate actuarial assumption for consolidating monthly benefit volunteer firefighter relief associations from 5% to 6% is appropriate. The same assumption change was made in 2009 for lump sum volunteer firefighter relief associations joining the statewide volunteer firefighter retirement plan, based on information and assurances from the staff of the State Board of Investment that the higher interest rate assumption reflected an available level of long-term future investment performance. The time-weighted rate of return investment experience of the volunteer firefighter account in the Minnesota Supplemental Investment Fund for calendar year 2014 was 13.9% and for the three-year period (calendar years 2012, 2013, and 2014) was 8.9%
7. Portability Considerations. The policy issue is the extent to which an administrative transfer of monthly benefit volunteer firefighter relief associations will further or complicate portability for firefighters covered by those relief associations. Currently, firefighters covered by monthly benefit

volunteer firefighter relief associations have no portability if they discontinue active firefighting service covered by one monthly benefit volunteer firefighter relief association and resume active firefighting service covered by another monthly benefit volunteer firefighter relief association, so the potential proposed legislation will not reduce any existing portability for monthly benefit volunteer firefighter relief association members. The potential proposed legislation also will not expand portability options for members of monthly benefit volunteer firefighter relief associations because of the differences between monthly benefit volunteer firefighter relief associations and the complexity involved in allocating the funding burden between different municipalities or nonprofit firefighting corporations if partial service monthly benefit service pensions in different relief associations could be combined in the event of service covered by more than one monthly benefit volunteer firefighter relief association.

Potential Amendments for Commission Consideration

- **Technical Amendment H0599-1A** makes the following changes:
 - 1) adds a definition of "retirement benefit plan document" and replaces references to "prior relief association by laws or articles" with that defined term;
 - 2) corrects a reference to the 2013 police and firefighters retirement supplemental state aid; and
 - 3) adds specific effective dates for all sections of the proposed legislation, generally July 1, 2015, except for the addition of a monthly benefit firefighter to the statewide volunteer fire retirement plan advisory board, which is July 1 of the year in which a monthly benefit volunteer firefighter relief association joins the statewide plan, and the increase in the interest rate actuarial assumption for the monthly benefit plans in the statewide plan, which is June 30, 2015.
- **Amendment H0599-2A** modifies the appointing authorities for members of the voluntary statewide volunteer firefighters retirement plan advisory board, increasing the number of representatives appointed by the Minnesota State Fire Chiefs Association by one and reducing the number of representatives appointed by the Minnesota State Fire Departments Association by one.
- **Amendment H0599-3A** provides for the payment of the initial administrative setup and programming costs incurred by the Public Employees Retirement Association (PERA) by the initial monthly benefit volunteer firefighter relief association electing to transfer administration to the statewide plan, to be recognized from subsequent monthly benefit volunteer firefighter relief associations joining the statewide plan with a three-tenths of one percent of December 31, 2012, asset value charge until the start-up costs are fully recovered.

Section-by-Section Summary of H.F. 599 (Murphy, M.); S.F. 537 (Johnson)

Sec.	Pg.Ln	Stat. Provision	Plan	Summary
1	1.12	11A.17, Subd. 2	SBI	Revises the statewide volunteer firefighter retirement plan name consistent with Section 2.
2	1.25	353BG.01, Subd. 6	PERA-SVFRP	Revises the plan name by eliminating "lump-sum"
3	2.4	353G.01, Subd. 7	PERA-SVFRP	Clarifies that "good time service credit" is based on the reported service.
4	2.10	353G.01, New Subd. 7a	PERA-SVFRP	Adds the definition of "lump sum account" to refer to the assets related to lump sum retirement plans.
5	2.15	353G.01, New Subd. 7b	PERA-SVFRP	Adds the definition of "lump sum account" to refer to the division of the retirement plan for lump sum plans.
6	2.20	353G.01, New Subd. 7c	PERA-SVFRP	Adds the definition of "monthly benefit account" to refer to the assets related to lump sum retirement plans.
7	2.26	353G.01, New Subd. 7d	PERA-SVFRP	Adds the definition of "monthly benefit account" to refer to the division of the retirement plan for monthly benefit plans.
8	3.2	353G.01, Subd. 11	PERA-SVFRP	Updates plan name in definition of "retirement fund" consistent with Section 2.
9	3.7	353G.01, Subd. 12	PERA-SVFRP	Includes in definition of "retirement plan" lump sum and monthly benefit retirement plan references.
10	3.12	353G.02	PERA-SVFRP	Expands the retirement plan establishment provision with the addition of a monthly benefit division and provides for regular actuarial valuations for the monthly benefit division.
11	4.30	353G.03	PERA-SVFRP	Expands the retirement plan advisory board with the addition of one monthly benefit plan representative and eliminates an obsolete transitional period term provision.
12	6.3	353G.04	PERA-SVFRP	Updates the plan name referenced in the fire department information mandate provision consistent with Section 2.
13	6.10	353G.05	PERA-SVFRP	Augments the coverage election provision to include an appropriate election procedure for fire departments with current monthly benefit volunteer firefighters' relief associations, including authority for PERA to charge electing monthly benefit volunteer firefighters' relief associations for the additional administrative expense incurred.
14	9.13	353G.06	PERA-SVFRP	Modifies relief association disestablishment provision to clarify that disestablishment date, to clarify that retention of the relief association as corporation is to function as a fraternal organization solely, and to update plan name consistent with Section 2.
15	10.19	353G.07	PERA-SVFRP	Expands the good time service credit certification provision to include the new monthly benefit retirement plan.
16	11.22	353G.08	PERA-SVFRP	Limits the current funding provision to the lump sum retirement plan, adds an approximately tailored funding provision for the monthly benefit retirement plan, and adds useful cross-references to both plans in various subdivisions of the section.
17	15.19	353G.09	PERA-SVFRP	Amends the service pension eligibility provision, with monthly benefit retirement plan members required to have at least three years of good-time service credit to vest partially (40%), and to fully vest with 20 years, and clarifies that the alternative service pension eligibility and computation provision applies solely to lump sum retirement plans.
18	17.15	353G.10	PERA-SVFRP	Modifies the deferred service pension provision by specifying that it applies also to the monthly benefit retirement plan and by clarifying that monthly benefit retirement plan members are not eligible to service pension increases during deferral.
19	17.26	353G.11	PERA-SVFRP	Clarifies that the current service pension levels provision is applicable only to lump sum retirement plans.
20	19.4	New 353G.112	PERA-SVFRP	Specifies the service pension levels for the monthly benefit retirement plan are those in effect upon entrance into the statewide plan.
21	19.12	353G.115	PERA-SVFRP	Retains the current disability benefit provision for the lump sum retirement plan and specifies that the disability benefit coverage for the monthly benefit retirement plan is the benefit in force upon entry into the statewide plan.
22	19.31	353G.12, Subd. 2	PERA-SVFRP	Retains the survivor benefit provision for the lump sum retirement plan.
23	20.3	353G.12, New Subd. 3	PERA-SVFRP	Adds a monthly benefit retirement plan survivor benefit provision, based on the benefit provisions in effect upon its entrance into the statewide plan.
24	20.12	New 353G.121	PERA-SVFRP	Sets forth a procedure for initiating a modification in the retirement benefit plan document of a monthly benefit division-covered municipality or related entity, the preparation of an actuarial cost estimate, and the approval of the modification by the municipality or entity governing board.
25	21.14	353G.13	PERA-SVFRP	Restricts the current portability provisions to the lump sum retirement plan only.
26	21.33	353G.14	PERA-SVFRP	Restricts the current annuity contract purchase provision to the lump sum retirement plan only.
27	22.11	353G.15	PERA-SVFRP	Restricts the current individual retirement account transfer provision to the lump sum retirement plan only.
28	22.24	353G.16	PERA-SVFRP	Clarifies the application of the no garnishment/no assignment provisions to the voluntary statewide volunteer firefighter retirement plan.
29	22.28	356.215, Subd. 8	PERA-SVFRP	Implements an increase in the interest rate assumption for monthly benefit volunteer retirement plans administered by the statewide volunteer fire plan from 5% to 6%.

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**Background Information on
Minnesota Monthly Benefit or
Combination Lump Sum and Monthly Benefit
Volunteer Firefighters Relief Associations**

1. Monthly Benefit/Combination Volunteer Firefighters Relief Associations, in General. Volunteer firefighters relief associations that provide monthly benefit service pensions solely or as an alternative to a lump-sum service pension are a definite minority of relief associations, along with those that provide no service pension at all. Most Minnesota volunteer firefighters relief associations are solely lump-sum defined benefit retirement plans or are defined contribution retirement

Historically, as the general law governing local paid firefighter relief associations service pensions (Rev. Laws of Minn. 1905, Sec. 1655, coded as Minn. Stat. Sec. 69.06, before 1979) shifted to apply primarily to volunteer firefighters relief associations, it set maximums on lump-sum service pension amounts and monthly benefit service pension amounts, but did not specifically permit both types of defined benefit retirement plan service pensions to be provided in the alternative. With the enactment of Laws 1979, Chapter 201, a major reformulation and revision of the volunteer firefighters relief association laws, and the significant increase in the uppermost lump-sum service pension per year amount, interest apparently arose among some firefighters in monthly benefit defined benefit volunteer firefighters relief associations for access to a lump-sum service pension rather than a monthly service pension, resulting in the combination volunteer firefighters relief associations.

2. Funding Status and Ratios for the Year Ended December 31, 2012.

Relief Association	Net Assets	Accrued Liability	Surplus or (Deficit)	Funding Ratio	Deficit Amortization Payment	Normal Cost	Required Contribution
Apple Valley	\$ 4,763,515	\$ 6,419,974	\$ (1,656,459)	74%	\$ 227,234	\$ 220,585	\$ 303,591
Benson	238,797	377,075	(138,278)	63	22,965	7,750	13,531
Brooklyn Center	3,282,317	3,431,495	(149,178)	96	-	101,575	12,711
Chanhassen	2,393,673	2,927,733	(534,060)	82	72,472	80,314	56,442
Chaska	4,257,031	5,413,303	(1,156,272)	79	199,113	90,055	199,230
Eden Prairie	18,404,639	19,815,564	(1,410,925)	93	312,383	534,071	614,761
Fairmont	1,281,067	1,801,696	(520,629)	71	86,385	56,421	88,441
Glencoe	810,090	1,024,603	(214,513)	79	32,149	33,603	54,094
Hutchinson	1,555,703	2,372,641	(816,938)	66	117,965	34,220	96,664
Lake Johanna	4,161,305	4,076,081	85,224	102	24,337	189,383	46,188
Minnetonka	13,001,764	13,377,305	(375,541)	97	62,140	231,274	82,139
Mound	4,305,412	5,066,410	(760,998)	85	111,173	80,342	123,816
New Ulm	1,886,262	2,139,620	(253,358)	88	31,249	67,608	58,273
Pine City	996,308	865,207	131,101	115	-	12,750	-
Pipestone	552,566	718,021	(165,455)	77	24,160	34,679	40,905
Plymouth	7,071,831	5,875,099	1,196,732	120	-	241,271	-
Robbinsdale	1,549,688	2,215,740	(666,052)	70	84,211	78,706	127,648
Roseville	8,173,151	8,767,029	(593,878)	93	72,692	76,149	25,342
Savage	4,252,783	5,012,546	(759,763)	85	115,327	93,277	133,305
Spring Lake Park	11,200,309	9,446,471	1,753,838	119	-	162,692	-
White Bear Lake	5,579,417	5,153,075	426,342	108	-	125,003	-
Worthington	1,128,975	1,325,913	(196,938)	85	21,317	39,779	41,838
Totals	\$ 100,846,603	\$ 107,622,601	\$ (6,775,998)	94%	\$ 1,617,272	\$ 2,591,507	\$ 2,118,919

Source: Table 3-C, State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

3. Revenues and Expenditures for the Year Ended December 31, 2012.

Relief Association	Revenues				Expenditures			
	State Aid	Supplemental Benefit Reimbursements	Municipal Contributions	Investment Earnings	All Other	Administration	Service Pensions	Other Benefits
Apple Valley	\$ 183,481	\$ 2,000	\$ 280,529	\$ 359,569	\$ -	\$ 35,795	\$ 430,119	\$ -
Benson	22,773	1,000	9,337	17,033	190	3,730	67,040	-
Brooklyn Center	94,982	1,000	16,317	256,752	-	9,168	244,391	-
Chanhassen	110,721	1,000	50,481	200,975	1,008	6,800	158,380	-
Chaska	95,646	-	202,604	258,182	-	13,668	280,812	-
Eden Prairie	291,468	-	625,910	1,636,875	200	24,371	967,269	-
Fairmont	52,920	4,000	85,334	134,789	15,481	17,107	383,140	-
Glencoe	27,087	-	68,789	78,846	-	8,873	79,816	-
Hutchinson	68,358	-	88,665	114,556	-	12,402	150,098	-
Lake Johanna	187,470	2,000	85,824	459,295	-	20,527	280,734	-
Minnetonka	244,343	2,000	84,144	1,335,717	-	33,145	568,382	-
Mound	73,686	-	143,625	351,511	-	22,325	257,690	-
New Ulm	58,191	3,000	69,747	214,510	-	17,012	247,261	11,000
Pine City	40,325	-	18,000	59,283	-	4,927	65,450	-
Pipestone	21,659	1,000	37,229	60,330	-	4,318	73,600	-
Plymouth	311,432	4,000	-	746,599	-	27,662	115,400	180,568
Robbinsdale	51,087	1,000	141,771	182,130	-	15,283	180,320	-
Roseville	147,754	2,000	164,263	949,505	-	23,434	508,840	-
Savage	103,618	-	184,514	359,137	-	16,892	220,181	950
Spring Lake Park	280,450	-	235,446	846,720	-	27,776	475,454	-
White Bear Lake	155,248	-	-	461,992	-	22,438	238,543	-
Worthington	41,967	3,000	43,175	92,388	-	300	157,102	-
Totals	\$ 2,664,666	\$ 27,000	\$ 2,635,704	\$ 9,176,694	\$ 16,879	\$ 367,953	\$ 6,150,022	\$ 192,518

Source: Table 4-C, State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

4. Membership and Bylaw Provisions for the Year Ended December 31, 2012.

Relief Association	Number of Members						Min. Ret. Age	Minimum Years		Performance Bond	
	Active Memb.	Lump-Sum	Survivor	Disability	Monthly	Deferred Members		Active Service	Active Memb.	Treasurer	Secretary
Apple Valley	62	2	-	-	24	15	50	5	5	\$ 500,000	\$ -
Benson	24	2	-	-	13	4	50	10	10	45,000	-
Brooklyn Center	33	1	-	-	21	8	50	10	10	500,000	500,000
Chanhassen	49	1	-	-	9	19	50	5	5	275,000	-
Chaska	33	-	-	-	49	12	50	10	10	1,000,000	1,000,000
Eden Prairie	87	-	-	-	92	11	50	10	10	500,000	500,000
Fairmont	30	4	-	-	14	1	50	10	10	300,000	300,000
Glencoe	38	1	-	-	11	4	50	10	10	100,000	-
Hutchinson	27	-	-	-	56	7	50	15	15	200,000	-
Lake Johanna	65	2	-	-	19	8	50	10	10	500,000	50,000
Minnetonka	67	2	-	-	64	14	50	10	10	1,000,000	1,000,000
Mound	41	-	-	-	37	2	50	10	10	500,000	-
New Ulm	43	3	2	-	13	7	50	10	10	500,000	500,000
Pine City	24	-	-	-	31	1	50	20	19	100,000	10,000
Pipestone	34	1	-	-	6	2	50	10	10	54,000	54,000
Plymouth	75	2	1	-	7	18	50	10	10	500,000	500,000
Robbinsdale	26	1	-	-	9	3	50	10	10	200,000	-
Roseville	41	1	-	-	59	11	50	10	10	500,000	500,000
Savage	41	-	-	-	29	35	50	10	10	500,000	-
Spring Lake Park	52	-	-	-	69	8	50	10	10	500,000	-
White Bear Lake	55	-	-	-	45	10	50	10	10	500,000	500,000
Worthington	36	2	-	-	15	5	50	10	10	200,000	-

Source: Table 5-C, State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

5. Benefit Amounts for the Year Ended December 31, 2012.

Relief Association	Benefit		Long-Term Disability		Short-Term Disability		Survivor Benefit	
	Annual	Monthly	Amount	Type	Amount	Type	Amount	Type
Apple Valley	\$6,400	\$ 43	\$ -	-	\$ -	-	\$6,400	Y/S
Benson	1,100	4	1,100	Y/S	-	-	1,100	Y/S
Brooklyn Center	7,500	24	-	-	-	-	7,500	Y/S
Chanhassen	5,050	21	5,050	Y/S	5	Day	5,050	Y/S
Chaska	-	24	24	M/S	-	-	24	M/S
Eden Prairie	5,600	56	56	M/S	-	-	56	M/S
Fairmont	3,800	25	3,800	Y/S	-	-	3,800	Y/S
Glencoe	2,100	13	2,100	Y/S	-	-	2,100	Y/S
Hutchinson	-	15	-	-	-	-	15	M/S
Lake Johanna	5,768	35	5,768	Y/S	-	-	5,768	Y/S
Minnetonka	6,910	53	53	M/S	5	Day	53	M/S
Mound	-	30	-	-	-	-	30	M/S
New Ulm	3,750	25	3,750	Y/S	*	*	3,750	Y/S
Pine City	-	9	-	-	-	-	*	*
Pipestone	2,250	3	-	-	35	Day	-	-
Plymouth	7,500	24	7,500	Y/S	170	MO	7,500	Y/S
Robbinsdale	7,500	13	7,500	Y/S	-	-	7,500	Y/S
Roseville	3,000	30	3,000	Y/S	20	Day	3,000	Y/S
Savage	5,122	33	5,122	Y/S	25	Week	5,122	Y/S
Spring Lake Park	-	34	34	M/S	25	Day	34	M/S
White Bear Lake	*	*	*	*	-	-	*	*
Worthington	2,725	17	-	-	-	-	2,725	Y/S

Table 6-C, State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

6. Market Values and Asset Allocation for the Year Ended December 31, 2012.

Relief Association	Market Value	% of Assets at SBI	Allocations as of 12/31/12					
			U.S. Stock	Int'l Stock	U.S. Bond	Int'l Bond	Cash	Other
	\$	%	%	%	%	%	%	%
Apple Valley	4,805,912	-	48.1	14.4	20.2	6.0	10.5	0.8
Benson	237,797	58.4	38.0	-	31.7	-	30.3	-
Brooklyn Center	3,281,317	-	49.5	9.0	11.4	2.4	25.1	2.6
Chanhassen	2,342,192	-	57.2	4.7	15.1	3.4	18.4	1.2
Chaska	4,257,031	-	37.7	10.7	9.7	2.5	38.5	0.9
Eden Prairie	18,404,369	-	29.8	11.6	39.4	3.7	8.9	6.6
Fairmont	1,270,222	-	35.1	10.1	23.8	7.7	13.5	9.8
Glencoe	778,392	20.3	60.1	4.9	24.0	1.3	9.7	-
Hutchinson	1,557,522	-	27.7	6.0	34.8	8.0	18.4	5.1
Lake Johanna	4,159,931	-	47.3	19.1	15.1	0.2	17.4	0.9
Minnetonka	12,955,692	50.8	37.2	14.8	30.9	8.0	7.6	1.5
Mound	4,300,849	-	59.7	6.1	12.7	3.8	16.3	1.4
New Ulm	1,883,265	13.2	51.4	15.7	6.5	0.9	24.4	1.1
Pine City	996,308	-	33.6	7.6	20.2	4.0	34.6	-
Pipestone	549,978	51.8	53.7	7.3	20.0	5.2	13.0	0.8
Plymouth	7,069,206	-	40.6	19.3	30.0	6.7	3.2	0.2
Robbinsdale	1,548,688	96.9	65.1	9.2	16.0	-	9.7	-
Roseville	8,173,151	99.1	56.5	8.2	34.4	-	0.9	-
Savage	4,254,135	33.0	64.3	2.4	19.3	4.9	8.3	0.8
Spring Lake Park	11,203,646	9.4	51.3	7.1	18.0	14.2	7.6	1.8
White Bear Lake	5,579,417	-	56.3	4.5	13.6	3.3	21.2	1.1
Worthington	1,126,975	-	59.0	7.0	12.8	3.3	16.7	1.2
Total/Average	100,736,262	19.3	45.2	10.8	24.8	4.1	11.9	2.5

Source: Table 7 (adapted), State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

7. Financial and Investment Data for the Year Ended December 31, 2012.

Relief Association	Active Members	Net Assets	Rank (%-tile)	State Aid	Rank (%-tile)	Municipal Contributions	Rank (%-tile)	Yearly Benefit	Rank (%-tile)	Monthly Benefit	Rank (%-tile)	ROR 2012	Rank (%-tile)	Funding Ratio	Rank (%-tile)
Apple Valley	62	\$4,763,515	71%	\$183,481	76%	\$280,529	95%	\$6,400	80%	\$43	90%	8.3%	14%	74%	19%
Benson	24	238,797	0	22,773	4	9,337	9	1,100	25	4	5	8.6	28	63	0
Brooklyn Center	33	3,282,317	47	94,982	47	16,317	14	7,500	90	24	40	8.4	23	96	71
Chanhassen	49	2,393,673	42	110,721	61	50,481	33	5,050	60	21	35	9.2	47	82	38
Chaska	33	4,257,031	61	95,646	52	202,604	85	-	0	24	40	6.6	4	79	28
Eden Prairie	87	18,404,639	100	291,468	95	625,910	100	5,600	70	56	100	9.9	57	93	61
Fairmont	30	1,281,067	23	52,920	28	85,334	52	3,800	55	25	55	10.4	61	71	14
Glencoe	38	810,090	9	27,087	9	68,789	38	2,100	30	13	15	11.2	66	79	28
Hutchinson	27	1,555,703	33	68,358	38	88,665	61	-	0	15	25	8.2	9	66	4
Lake Johanna	65	4,161,305	52	187,470	80	85,824	57	5,768	75	35	85	12.5	85	102	80
Minnetonka	67	13,001,764	95	244,343	85	84,144	47	6,910	85	53	95	11.3	71	97	76
Mound	41	4,305,412	66	73,686	42	143,625	71	-	0	30	65	8.9	38	85	42
New Ulm	43	1,886,262	38	58,191	33	69,747	42	3,750	50	25	55	12.4	80	88	57
Pine City	24	996,308	14	40,325	14	18,000	19	-	0	9	10	6.5	0	115	90
Pipestone	34	552,566	4	21,659	0	37,229	23	2,250	35	3	0	13.6	100	77	23
Plymouth	75	7,071,831	80	311,432	100	-	0	7,500	90	24	40	11.9	76	120	100
Robbinsdale	26	1,549,688	28	51,087	23	141,771	66	7,500	90	13	15	13.5	95	70	9
Roseville	41	8,173,151	85	147,754	66	164,263	76	3,000	45	30	65	13.0	90	93	61
Savage	41	4,252,783	57	103,618	57	184,514	80	5,122	65	33	75	9.4	52	85	42
Spring Lake Park	52	11,200,309	90	280,450	90	235,446	90	-	0	34	80	8.3	14	119	95
White Bear Lake	55	5,579,417	76	155,248	71	-	0	*	*	*	*	9.0	42	108	85
Worthington	36	1,128,975	19	41,967	19	43,175	28	2,725	40	17	30	8.6	28	85	42
Total															

Source: Table 2-C, State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the Year Ended December 31, 2012

Background Information on the Bloomington Fire Department Relief Association

1. In General. Although the Bloomington Fire Department has the characteristics of a typical Minnesota volunteer fire department, its relief association was patterned on the former Duluth, Minneapolis, and St. Paul Fire Department Relief Associations, basing its monthly benefit service pensions on a percentage of the salary payable to a city employment position, that of a top grade Bloomington patrol officer. During retirement, as the active employment position compensation increases, the service pension increases by the same percentage amount.
2. Governance. The Bloomington Fire Department Relief Association is governed by Minnesota Statutes 2000, Sections 424.01 to 424.29, as modified by Laws 1965, Chapter 446; Laws 1981, Chapter 224, Section 238; and Laws 1989, Chapter 319, Article 11, Sections 7-11, and Minnesota Statutes 2012, Section 69.77, as modified by Laws 1978, Chapter 563, Section 15; Laws 1994, Chapter 541, Section 2; and Laws 2013, Chapter 111, Article 5, Sections 31 to 42.
3. Actuarial Condition and Funding. The following summarizes the most current (12/31/2012) actuarial information on the Bloomington Fire Department Relief Association:

<u>Membership</u>		
Nonvested Active Members		112
Vested Active Members		7
Deferred Retirees		18
Retired Members		<u>174</u>
Total Membership		311
Actuarial Accrued Liability		\$123,629,258
Current Assets		<u>\$122,544,915</u>
Unfunded Accrued Liability		\$1,084,343
Funding Ratio	99.12%	
Compensation Base		\$9,668,988
Annual Benefits Payable		\$4,211,880
Normal Cost	28.84%	\$2,788,613
Administrative Expenses	0.94%	\$90,545
Amortization Contribution	<u>1.42%</u>	<u>\$136,963</u>
Total Financial Requirements	31.19%	\$3,016,121
Fire State Aid	3.74%	361,567
Municipal Contributions	<u>27.45%</u>	<u>\$2,654,554</u>
Total Contributions	31.19%	\$3,016,121

4. Administration. The administration of the Bloomington Fire Department Relief Association is currently the responsibility of a nine-member board of trustees, comprised of six firefighters elected with staggered terms by the relief association membership and three municipal officials (the fire chief, a member of the Bloomington city council, and the chief Bloomington city financial officer), and four officers drawn from the elected board membership (a president, a vice president, a secretary, and a treasurer).
5. Investment of Assets. The relief association invests its assets at its own direction subject to regulation of the type and size of holdings under Minnesota Statutes, Chapter 356A, including almost 88 percent of its assets invested in the Minnesota Supplemental Investment Fund operated by the Minnesota State Board of Investment.
6. Staffing Issue. The most recent audit by the Office of the State Auditor, the relief association was made aware of the issue of the modest staffing size of the relief association that limits the internal controls in the organization. The relief association acknowledged that it lacked the optimal segregation as a consequence of its manner of operation and indicated that it has added its accountant and its financial custodian for additional oversight of its daily operations.

7. Benefit Coverage. The following summarizes the benefit coverage provided by the Bloomington Fire Department Relief Association:

Retirement

Normal Retirement Benefit/Service Pension

Eligibility	Age 50 with 20 years of service.
Amount	Basic benefit, which is one-third of the average of the monthly salary for the preceding three years, including the current year, of a patrol officer of the highest grade in the employ of the City of Bloomington.
Form of Payment	Fully subsidized 75% joint-and-survivor if married, life annuity if single.

Disability Benefit/Service Pension

Eligibility	Inability to perform the duties of a firefighter.
Duty-Related Amount	Basic normal retirement benefit is payable at time of disability. This benefit is payable during the period of disability. After attainment of age 50 and 20 combined years of service and disability payments, no evidence of disability is required for the benefit to continue.
Non-Duty-Related Amount	One-twentieth of the basic benefit for each year of service up to the date of disability (maximum of 20 years). This benefit is payable during the period of disability. After attainment of age 50 and 20 combined years of service and disability payments, no evidence of disability is required for the benefit to continue.
Form of Payment	Same as for retirement.

Death

Spouse's Benefit

Duty-Related Amount	75% of the basic normal retirement is payable for the surviving spouse's remaining lifetime. Benefits cease on the remarriage of the surviving spouse.
Non-Duty-Related Amount	One-twentieth of 75% of the basic benefit for each year of service up to the date of death to a maximum of 20 years. This benefit is payable for the surviving spouse's remaining lifetime. Benefits cease on the remarriage of the surviving spouse.

Children's benefit

Eligibility	An active member who dies and leaves surviving children.
Amount	12% of the basic benefit is payable to each surviving child until attainment of age 18 or marriage. The maximum benefit paid to all family members not to exceed 100% of the basic benefit.

Lump-Sum Death Benefit

\$500 is payable on the death of any active or inactive member.

Termination/ Deferred Service Pension

Eligibility	20 years of service.
Amount	The basic benefit is payable at age 50.

1.1 moves to amend H.F. No. 599; S.F. No. 537, as follows:

1.2 Page 1, delete line 24

1.3 Page 2, delete lines 3, 9, 14, 19, and 25

1.4 Page 3, before line 2, insert:

1.5 "Sec. 8. Minnesota Statutes 2014, section 353G.01, is amended by adding a subdivision
1.6 to read:

1.7 Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan
1.8 document", for an account in the monthly benefit retirement division, means the articles of
1.9 incorporation and bylaws of the prior former volunteer firefighters relief association in
1.10 effect on the day before the date on which the retirement coverage transfer under section
1.11 353G.05 occurred or as provided in the most recent modification under section 353G.121."

1.12 Page 3, delete lines 1, 6, and 11

1.13 Page 4, delete line 29

1.14 Page 5, delete lines 32 to 35

1.15 Page 6, delete lines 1 to 2

1.16 Page 14, line 10, after "firefighter" insert "retirement"

1.17 Page 19, delete lines 8 to 11 and insert "the retirement benefit plan document
1.18 applicable to the fire department."

1.19 Page 19, line 26, delete "articles of incorporation or bylaws of the" and insert "
1.20 retirement benefit plan document applicable to the fire department,"

1.21 Page 19, line 30, delete ", unless modified as provided in section 353G.121"

1.22 Page 20, line 7, delete "articles of incorporation or bylaws of the applicable" and
1.23 insert "retirement benefit plan document applicable to the fire department"

1.24 Page 20, delete lines 8 to 9

1.25 Page 20, line 10, delete "retirement plan" and delete the second comma and insert
1.26 a period

1.27 Page 20, delete line 11

2.1 Page 27, after line 30, insert:

2.2 "Sec. 30. **EFFECTIVE DATE.**

2.3 (a) The amendments to subdivisions 1, 2, 4, and 5 of section 12 are effective July
2.4 1, 2015, and the amendment to subdivision 3 of section 12 is effective the July 1 next
2.5 following the day on which one or more volunteer firefighter relief associations providing
2.6 monthly service pensions in whole or in part transfer administration of the retirement plan
2.7 to the Public Employees Retirement Association under Minnesota Statutes, chapter 353G.

2.8 (b) Section 30 is effective June 30, 2015.

2.9 (c) The balance of the sections are effective July 1, 2015."

2.10 Renumber the sections in sequence

2.11 Amend the title accordingly

1.1 moves to amend H.F. No. 599; S.F. No. 537, as follows:

1.2 Page 5, line 14, reinstate "two" and delete "three"

1.3 Page 5, line 15, delete "two" and insert "one" and delete "are" and insert "is"

1.4 Page 5, line 16, after "division," insert "appointed by the Minnesota State Fire Chiefs

1.5 Association;" and before "appointed" insert:

1.6 "(5) one representative of Minnesota volunteer firefighters who is covered by the

1.7 lump-sum retirement division,"

1.8 Page 5, line 18, strike "(5)" and insert "(6)"

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1.1 moves to amend H.F. No. 599; S.F. No. 537, as follows:

1.2 Page 4, after line 28, insert:

1.3 **"Subd. 6. Initial administrative expenses of the monthly benefit retirement**
 1.4 **division; allocation of reimbursement.** (a) The administration expenses of Public
 1.5 Employees Retirement Association incurred in the establishment of the monthly benefit
 1.6 retirement division of the voluntary statewide volunteer firefighters retirement plan,
 1.7 including any computer programming expenses and any actuarial consultant expenses, are
 1.8 payable from the assets of the initial monthly benefit volunteer firefighter relief association
 1.9 that elects to transfer its administration to the voluntary statewide volunteer firefighter
 1.10 retirement plan, following the transfer of assets.

1.11 (b) The administrative expenses in excess of \$33, 600 paid under paragraph (a) must
 1.12 be reimbursed by the next nine monthly benefit volunteer firefighter relief associations that
 1.13 transfer plan administration to the voluntary statewide volunteer firefighters retirement
 1.14 plan. The reimbursement charge for each of the nine is three-tenths of one percent of the
 1.15 market value of assets of the volunteer firefighter relief association as of December 31,
 1.16 2012. The reimbursement amounts, up to the amount of administrative expenses actually
 1.17 incurred under paragraph (a) in excess of \$33,600, must be credited to the account of the
 1.18 fire department associated with the former monthly benefit volunteer firefighter relief
 1.19 association that first transferred plan administration to the volunteer firefighter retirement
 1.20 plan."

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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 board₂ other than the Office of the State Auditor representative₂ 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.