

**Minnesota Volunteer Fire Relief Association
Working Group Meeting**

Office of the State Auditor
Thursday, November 29, 2018
11 a.m. to 1 p.m.

- I. Call to Order**
Chair Auditor Otto.
- II. Review and Approval of Working Group Meeting Minutes**
Exhibit A. Draft October 16, 2018 Meeting Minutes
- III. Discussion of Permitting Different Vesting Requirements for Certain Return-to-Service Members**
Exhibit B.
- IV. Discussion of Benefit Level for Members with a Break in Service**
Exhibit C.
- V. Discussion of Increase to Investment Additional Reporting Threshold**
Exhibit D.
- VI. Discussion of Vesting Requirements for Defined-Benefit Plans**
Exhibit E.
- VII. Review Statutory Definitions of “Volunteer Firefighter”**
Exhibit F.
- VIII. Other Business**
- IX. Next Meeting**
Thursday, December 6, 2018
11 a.m. to 1 p.m.
Office of the State Auditor
- X. Adjournment**

Volunteer Fire Relief Association Working Group

Office of the State Auditor

Tuesday, October 16, 2018

11 a.m. to 1 p.m.

Members Present

Bruce Hemstad, Bemidji Fire Relief Association Secretary (defined benefit lump sum plans)
Dave Jaeger, Mahnommen Fire Relief Association Vice President (defined benefit lump sum plans)
Ron Johnson, Minnesota State Fire Department Association Representative (defined contribution plans)
Aaron Johnston, Coon Rapids Fire Relief Association Treasurer (defined contribution plans)
Susan Lenczewski, Legislative Commission on Pension and Retirement Executive Director
Tim O'Neill, Minnesota State Fire Chiefs Association Representative (defined benefit monthly/lump sum plans)
Rebecca Otto, State Auditor
Sue Virnig, City of Golden Valley Finance Director
Kevin Wall, Lower Saint Croix Valley Fire Relief Association President (defined benefit lump sum plans)
Thomas Wilson, Eden Prairie Fire Relief Association Secretary (defined benefit monthly/lump sum plans)

Members Excused

Steve Donney, City of Harmony Mayor
Michael Kruse, Falcon Heights Fire Relief Association Treasurer (defined contribution plans)

Others Present

Ramona Advani, Deputy State Auditor and General Counsel
Rachel Carlson, Capital Access Representative
Anne Finn, League of Minnesota Cities Representative
Rose Hennessy Allen, Office of the State Auditor Pension Director
Jason Kuenle, Office of the Revisor of Statutes Representative
Karen Morales, Office of the State Auditor Pension Analyst
Sharyn North, Public Employees Retirement Association Representative
Molly Resch, Office of the State Auditor Pension Analyst
Maddison Zikmund, Spring Lake Park, Blaine, Mounds View Fire Department Representative
Nyle Zikmund, City of Mounds View Administrator

The following motions were duly made, seconded and approved:

- RESOLVED to adopt the October 4, 2018, Working Group meeting minutes;
RESOLVED to adopt draft language defining the benefit level to be used when calculating benefits for members who are in deferred status at the time they become disabled or die; and
RESOLVED to add the topic of defined-benefit plan full-vesting requirements to the Working Group's agenda for discussion.

I. Call to Order

Auditor Otto called the meeting to order.

II. Review and Approval of Working Group Meeting Minutes

The members reviewed the October 4, 2018, meeting minutes that had been provided in advance. Johnson made a motion to adopt the minutes. Wall seconded the motion that was then adopted unanimously.

III. Discussion of Benefit Levels for Ancillary Benefits

During the last meeting, the Working Group members discussed the benefit level that should be used to calculate benefits for members who are in deferred status at the time they become disabled or die. The Working Group reviewed draft language setting a default in statute that the benefit level in effect when the deferred member separated from active service would be used to calculate the ancillary benefit, unless the relief association's bylaws specify that a different benefit level be used for the calculation. Hemstad made a motion to adopt the draft language. Virnig seconded the motion that was then adopted unanimously.

IV. Discussion of Permitting Different Vesting Requirements for Certain Return-to-Service Members

The Working Group members reviewed a chart showing how many people in different age groupings were paid during 2016, and reviewed draft language that would allow members who resume active service and membership after being paid a service pension to have different vesting requirements than other relief association members. The draft language would permit the relief association to define the vesting requirements in its bylaws. The Working Group members discussed whether there should be a minimum length of service required for vesting for this group of return-to-service members, or whether a relief association should have complete control to set the requirements in the bylaws. The Working Group members decided to contemplate whether a minimum length of service should be required, and will revisit this topic at the next meeting. Hennessy Allen said that she would split the chart into two charts; one with active member data and one with deferred member data.

V. Discussion of Benefit Levels for Members with a Break in Service

Auditor Otto explained that service pensions are required to be calculated using the benefit level in effect on the date that a member separates from active service. She said that issues are arising when a firefighter incurs a leave of absence or break in service at the end of the individual's firefighting career, and then resigns or is terminated without there being a resumption of active service. The benefit level used to calculate the service pension in these instances is the benefit level on the date of the member's resignation or termination, which may be higher than the benefit level in effect when the member was last active. The Working Group members agreed that the benefit level in effect when a member last was active should be used to calculate the service pension. Auditor Otto said that language would be drafted for the Working Group's review at the next meeting.

VI. Discussion of Increase to Investment Additional Reporting Threshold

Auditor Otto explained that investment reporting requirements for relief associations, other local public pension plans, and for the State Board of Investment are based on whether the plan has a total market value of at least \$25 million. The threshold has been adjusted a number of times, and needs to be adjusted again so that relief associations remain under the threshold and maintain their current reporting. There is one relief association that is getting near to the \$25 million threshold. The Working Group members agreed that language should be drafted to increase the threshold to \$50 million. Auditor Otto said that language would be drafted and brought back to the Working Group for review and approval.

VII. Other Business

- Request for Working Group to Consider Changes to Defined-Benefit Full-Vesting Requirement

Auditor Otto shared that during the last meeting of the Work Group on Consolidations and Dissolutions that was convened by the Legislative Commission on Pensions and Retirement, the topic of vesting requirements for defined-benefit relief associations was raised. There seems to be interest in reducing the requirement for full-vesting to ten years in the defined-benefit plans, to be consistent with the full-vesting requirement in the defined-contribution plans. The Work Group asked if this Working Group could consider the topic. Hemstad made a motion to add this topic to the Working Group's agenda. Jonson seconded the motion that was then adopted unanimously.

- Definitions of "Volunteer Firefighter" Handout for Consideration during November Meeting

Kuenle provided a handout for review that shows the different statutory definitions of "volunteer firefighter." Kuenle explained that there also are other statutes that cite to these definitions, which he will work to identify for the next meeting. At the next meeting the Working Group will discuss the different definitions and whether any changes for consistency should be sought.

VIII. Next Meeting

Thursday, November 29, 2018

11 a.m. to 1 p.m.

Office of the State Auditor

IX. Adjournment

The meeting was adjourned at 12:41.

Exhibit B
**Permitting Different Vesting Requirements
for Certain Return-to-Service Members**

Topic:

If a firefighter is paid a lump sum service pension or is receiving a monthly benefit service pension and the firefighter resumes active service and relief association membership, the firefighter is currently required to complete the same vesting requirements as all other members of the relief association to be eligible for a second service pension. There is interest in allowing relief associations to establish lower vesting requirements for firefighters who return to active service and membership after being paid a service pension.

Charts are provided on pages two and three that show how many lump sum distributions were made in 2016 to members who were active until their separation and payment, and how many lump sum distributions were made to members who were deferred. Both charts show the distributions in different age groupings.

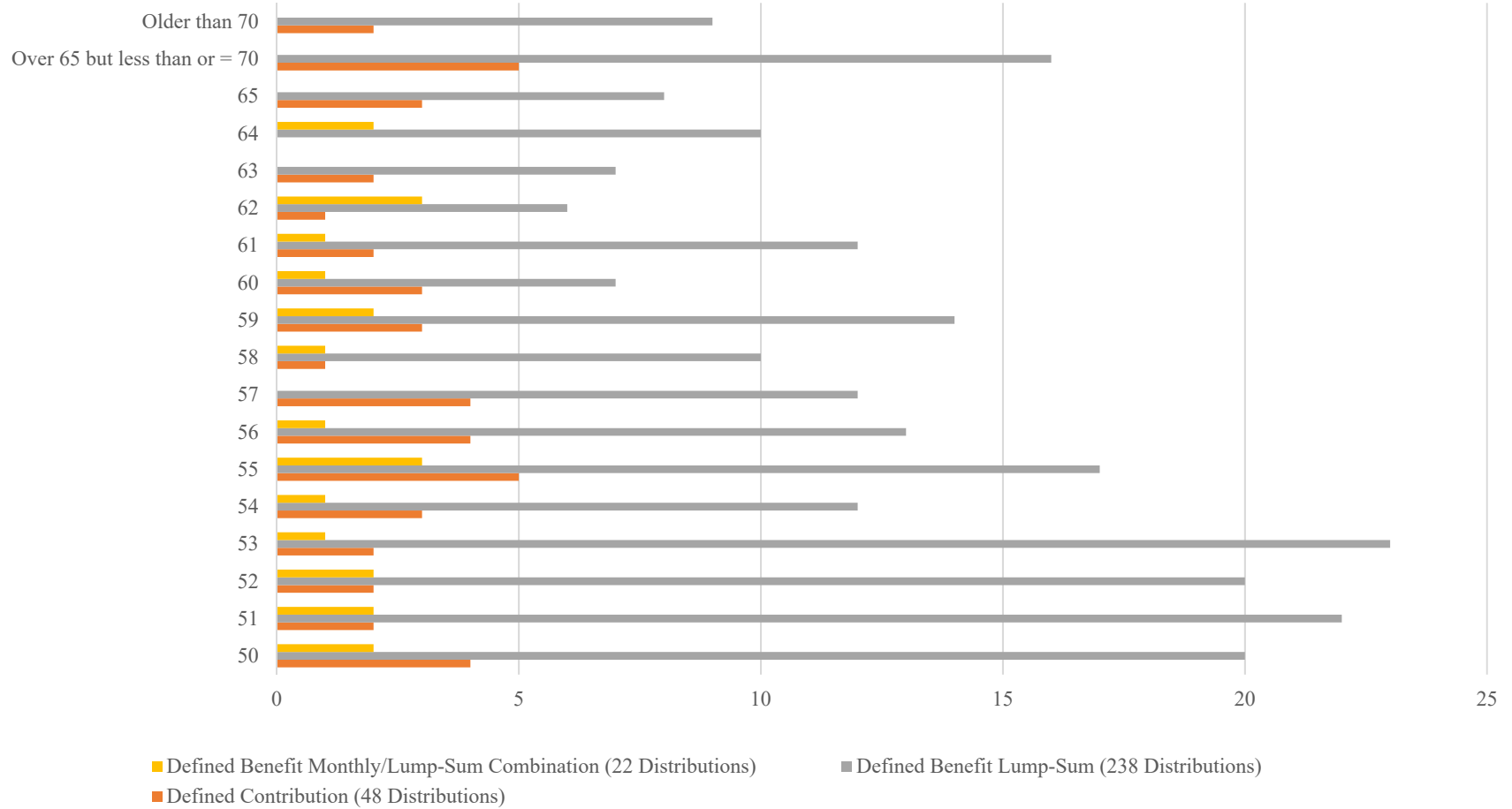
The majority of deferred members in all plan types elected to receive their service pension distributions by age 51. For active members, the ages at which members elected to retire and take their service pension distributions was much more varied. While some members elected to take their distributions at age 50 or soon thereafter, the 2016 distribution data shows that many members waited to retire until later.

Considerations:

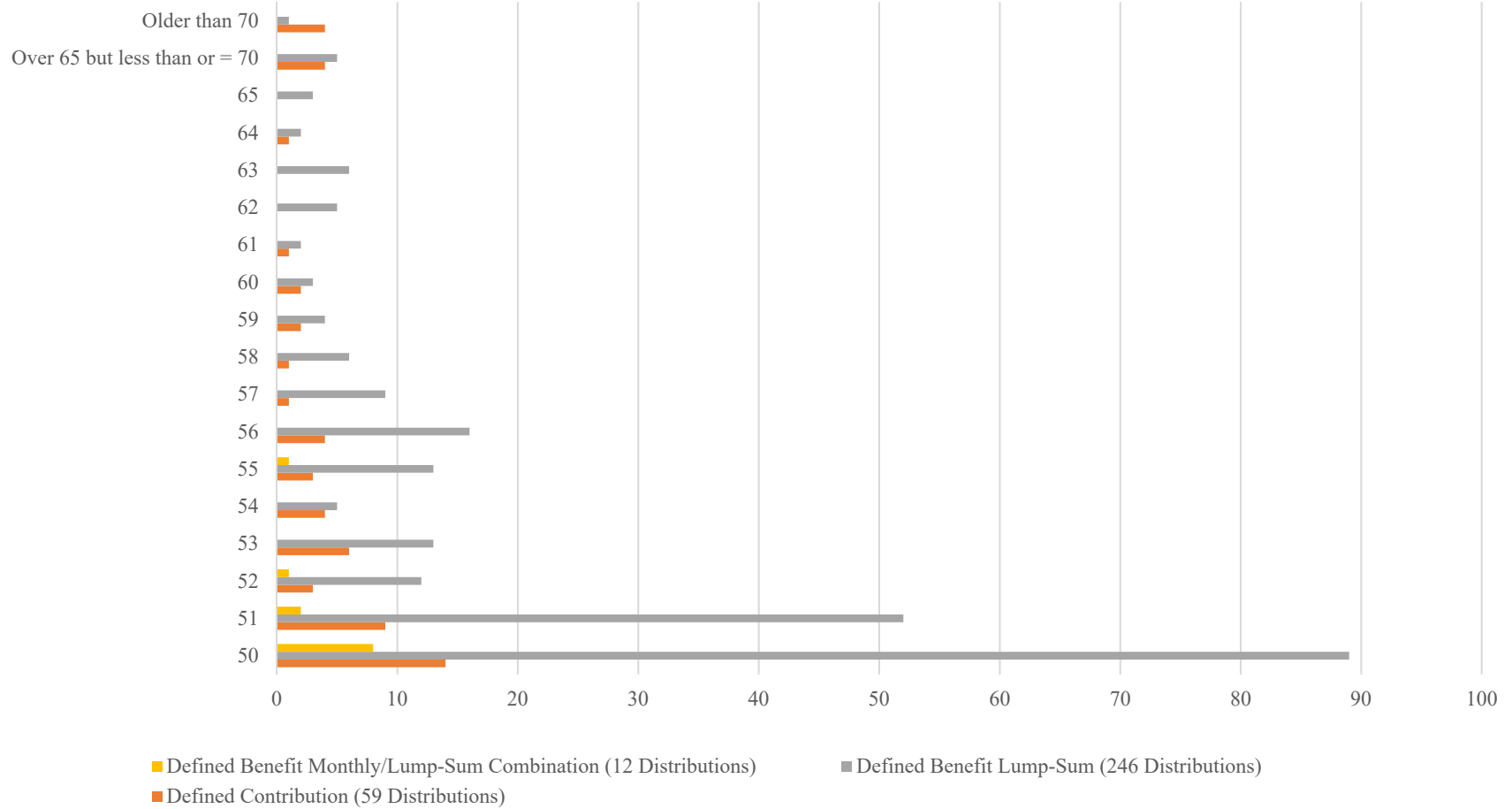
If the Working Group decides to move forward with a legislative change, questions for the Working Group to consider include:

1. Should relief associations have complete control to define in their bylaws the vesting requirements for members who resume active service after being paid a service pension, or should there be a minimum required length of service defined in statute (such as three years)?
2. Should the lower vesting requirements apply only if the retired firefighter returns to the same fire department, or should they apply even if the firefighter starts service with a different fire department?
3. Any others?

Number of Lump-Sum Payments to Active Members in Different Age Groupings



Number of Lump-Sum Payments to Deferred Members in Different Age Groupings



424A.01 MEMBERSHIP IN A VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.

Subd. 6. Return to active firefighting after break in service. (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.

(b)(1) If a firefighter who has ceased to perform or supervise fire suppression and fire prevention duties for at least 60 days resumes performing active firefighting with the fire department associated with the relief association, if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association. A firefighter who returns to active service and membership is subject to the service pension calculation requirements under this section.

(2) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from the minimum period of resumption service requirement of this section.

(3) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence and who has not received a service pension or disability benefit may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(4) If the bylaws so provide, a firefighter who returns to active relief association membership under this paragraph may continue to collect a monthly service pension, notwithstanding the service pension eligibility requirements under chapter 424A.

(c) If a former firefighter who has received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, **as applicable, or meets the service requirements specified in the relief association's bylaws.** No firefighter may be paid a service pension more than once for the same period of service.

(d) If a former firefighter who has not received a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, based on the original and resumption years of service credit.

(e) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must

have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.

(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum

period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or meets the minimum service requirement specified in the relief association's bylaws, as applicable, based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

Exhibit C

Benefit Levels for Members with a Break in Service

Topic:

Service pensions are required to be calculated using the benefit level in effect on the date that a member separates from active fire department service and relief association membership. Separating from active service means that a firefighter permanently ceases to perform and supervise fire suppression and fire prevention duties with the fire department. Questions have arisen when a member incurs a leave of absence or break in service at the end of the individual's firefighting career, and then resigns or is terminated without there being a resumption of active service. The benefit level used to calculate the service pension in these instances is the benefit level on the date of the member's resignation or termination, which may be higher than the benefit level in effect when the member was last active.

In contrast, relief associations may define in their bylaws that a specific resumption period of service is required to be eligible for benefit increases for members who resume active service following a leave of absence or break in service. The effect is that members who return to active service after a leave of absence or break in service may be paid using a lower benefit level than members who never resume active service.

An optional change below would require that the benefit level in effect when a member last was active is required to be used when calculating service pensions and ancillary benefits for members with a leave of absence or break in service at the end of their firefighting career.

424A.015 GENERALLY APPLICABLE VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN REGULATION.

Subd. 6. **Governing benefit plan provisions.** (a) Except for members defined in paragraph (b), aA service pension or ancillary benefit payable under this chapter is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

(b) A defined-benefit service pension or ancillary benefit payable to a member shall be calculated under the general statute, special law, relief association articles of incorporation, and relief association bylaw provisions applicable on the date on which the member ceased to perform and supervise fire suppression duties and fire prevention duties with a particular fire department if such cessation of duties resulted in the member being on a break in service on the date the member separated from active service.

Exhibit D

Increase to Investment Additional Reporting Threshold

Topic:

Investment reporting requirements for volunteer fire relief associations, all other local public pension plans, and the State Board of Investment (SBI) are defined in Section 356.219. The reporting requirements depend on the total market value of the plan and whether the plan is fully invested with the SBI. The current threshold at which additional investment reporting is required is \$25 million. The Bloomington Fire Department Relief Association, the St. Paul Teachers' Retirement Fund Association, and the SBI are currently the only entities above the \$25 million threshold, and are all significantly above the threshold.

The threshold has been adjusted a number of times, and needs to be adjusted again so that relief associations remain under the threshold and maintain their current reporting. The reporting statute is provided below.

356.219 DISCLOSURE OF PUBLIC PENSION PLAN INVESTMENT PORTFOLIO AND PERFORMANCE INFORMATION.

Subd. 3. **Content of reports.** (a) The report required by subdivision 1 must include a written statement of the investment policy. Following that initial report, subsequent reports must include investment policy changes and the effective date of each policy change rather than a complete statement of investment policy, unless the state auditor requests submission of a complete current statement. The report must also include the information required by the following paragraphs, as applicable.

(b) If, after four years of reporting under this paragraph, the total portfolio time weighted rate of return, net of all investment related costs and fees, provided by the public pension plan differs by no more than 0.1 percent from the comparable return for the plan calculated by the Office of the State Auditor, and if a public pension plan has a total market value of **\$5025,000,000** or more as of the beginning of the calendar year, and if the public pension plan's annual audit is performed by the state auditor or by the legislative auditor, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each asset class included in the pension fund as of the beginning of the calendar year and as of the end of the calendar year. At the discretion of the state auditor, the public pension plan may be required to submit the market value of the total portfolio and the market value of each investment account, investment portfolio, or asset class included in the pension fund for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class. If the market value of a public pension plan's fund drops below **\$5025,000,000** in a subsequent year, it must continue reporting under this paragraph for any subsequent year in which the public pension plan

is not fully invested as specified in subdivision 1, paragraph (b), except that if the public pension plan's annual audit is not performed by the state auditor or legislative auditor, paragraph (c) applies.

(c) If paragraph (b) would apply if the annual audit were provided by the state auditor or legislative auditor, the report required by subdivision 1 must include the market value of the total portfolio and the market value of each asset class included in the pension fund as of the beginning of the calendar year and for each month, and the amount and date of each injection and withdrawal to the total portfolio and to each investment account, investment portfolio, or asset class.

(d) For public pension plans to which paragraph (b) or (c) applies, the report required by subdivision 1 must also include a calculation of the total time-weighted rate of return available from index-matching investments assuming the asset class performance targets and target asset mix indicated in the written statement of investment policy. The provided information must include a description of indices used in the analyses and an explanation of why those indices are appropriate. This paragraph does not apply to any fully invested plan, as defined by subdivision 1, paragraph (b). Reporting by the State Board of Investment under this paragraph is limited to information on the Minnesota public pension plans required to be invested by the State Board of Investment under section 11A.23.

(e) If a public pension plan has a total market value of less than **\$5025,000,000** as of the beginning of the calendar year and was never required to file under paragraph (b) or (c), the report required by subdivision 1 must include the amount and date of each total portfolio injection and withdrawal. In addition, the report must include the market value of the total portfolio as of the beginning of the calendar year and for each quarter.

(f) Any public pension plan reporting under paragraph (b) or (c) must include computed time-weighted rates of return with the report, in addition to all other required information, as applicable. The chief administrative officer of the public pension plan submitting the returns must certify, on a form prescribed by the state auditor, that the returns have been computed by the pension plan's investment performance consultant or custodial bank. The chief administrative officer of the public pension plan submitting the returns also must certify that the returns are net of all costs and fees, including investment management fees, and that the procedures used to compute the returns are consistent with Bank Administration Institute studies of investment performance measurement and presentation standards set by the CFA Institute. If the certifications required under this paragraph are not provided, the reporting requirements of paragraph (c) apply.

(g) For public pension plans reporting under paragraph (e), the public pension plan must retain supporting information specifying the date and amount of each injection and withdrawal to each investment account and investment portfolio. The public pension plan must also retain the market value of each investment account and investment portfolio at the beginning of the calendar year and for each quarter. Information that is required to be collected and retained for any given year or years under this paragraph must be submitted to the Office of the State Auditor if the Office of the State Auditor requests in writing that the information be submitted by a public pension plan or plans, or be submitted by the State Board of Investment for any plan or plans for which the State Board of Investment is the investment authority under this section. If the state auditor requests information under this subdivision, and the public plan fails to comply, the

pension plan is subject to penalties under subdivision 5, unless penalties are waived by the state auditor under that subdivision.

Exhibit E

Vesting Requirements for Defined Benefit Plans

Topic:

Members of a relief association with a defined benefit plan must complete at least 20 years of active service to be fully (100 percent) vested. Vesting requirements for defined benefit plans have not changed since 1979, although firefighter demographics and the fire service as a whole have changed significantly since that time.

Permitting a shorter vesting requirement is seen by some as a way to help fire departments that are facing challenges in the recruitment and retention of firefighters. In addition, it seems that firefighters are more mobile than in the past, with fewer firefighters staying on a fire department for 20 years. The Office of the State Auditor's 2016 data shows that less than 20 percent of deferred members were fully vested.

The vesting requirements for defined contribution plans were changed during the 2004 Legislative Session. Defined contribution plans are permitted to allow full vesting after a member completes at least ten years of active service. The 2004 legislation started as special legislation for the Marine on St. Croix Fire Relief Association. There was interest in changing the legislation so that it would apply to all relief associations, but it instead was broadened to apply only to defined contribution plans. It appears there was concern at the time about the financial impact to defined benefit plans of the proposed accelerated vesting.

Vesting requirements contribute to the turnover gain that helps fund benefits payable to other relief association members. When a firefighter retires who is not vested, or is not fully vested, the nonvested portion of the member's accrued benefit forfeits, and is either allocated to active members in a defined contribution plan or increases the available assets in a defined benefit plan. Reducing (or accelerating) vesting requirements reduces this turnover gain.

The defined contribution and defined benefit vesting schedules are provided on pages two and three as a reference for discussion.

**424A.016 DEFINED CONTRIBUTION VOLUNTEER
FIREFIGHTERS RELIEF ASSOCIATION SPECIFIC
REGULATION.**

Subd. 3. **Reduced vesting schedule.** If the articles of incorporation or bylaws of a defined contribution relief association so provide, a relief association may pay a reduced service pension not to exceed the nonforfeitable percentage of the account balance to a retiring member who has completed fewer than 20 years of service. The reduced service pension may be paid when the retiring member meets the minimum age and service requirements of subdivision 2. The nonforfeitable percentage of pension amounts are as follows:

Completed Years of Service	Nonforfeitable Percentage of Pension Amount
5	40 percent
6	52 percent
7	64 percent
8	76 percent
9	88 percent
10 and thereafter	100 percent

424A.02 DEFINED BENEFIT RELIEF ASSOCIATIONS; SERVICE PENSIONS.

Subd. 2. **Nonforfeitable portion of service pension.** (a) If the articles of incorporation or bylaws of a defined benefit relief association so provide, the relief association may pay a reduced service pension to a retiring member who has completed fewer than 20 years of service. The reduced service pension may be paid when the retiring member meets the minimum age and service requirements of subdivision 1.

(b) The amount of the reduced service pension may not exceed the amount calculated by multiplying the service pension appropriate for the completed years of service as specified in the bylaws multiplied by the applicable nonforfeitable percentage of pension.

(c) For a defined benefit volunteer firefighters relief association that pays a lump-sum service pension, a monthly benefit service pension, or a lump-sum service pension or a monthly benefit service pension as alternative benefit forms, the nonforfeitable percentage of pension amounts are as follows:

Completed Years of Service	Nonforfeitable Percentage of Pension Amount
5	40 percent
6	44 percent
7	48 percent
8	52 percent

9	56 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 and thereafter	100 percent

Volunteer firefighter definitions

Currently, volunteer firefighter is defined in the following statutory chapters:

- 299N – Firefighter training and education
- 353 – PERA General
- 353G – Statewide volunteer firefighter retirement plan
- 424A – Local volunteer firefighter relief associations

These definitions do not vary by much, but those differences may be important to their usage in each chapter. Some statutes not in these chapters specifically reference the definition in either 299N or 424A.

Undefined usage

Below is a categorization of sections that use the term “volunteer firefighter” without referencing a specific definition or volunteer firefighter or referencing a specific plan (and therefore, the plan’s definition):

Employment law

- 43A.32 – Volunteer firefighter agreements with state government employers
- 181.10 – General employment law payment of wages
- 268.047 and 268.085 – Unemployment insurance
- 412.15 – Statutory city housing aid authorization
- 420.20 – Prohibition of minors acting as firefighters (headnote only)
- 471.61 – Municipal law group benefits

Membership on boards

- 144E.01 – Emergency medical services regulatory board
- 299K.03 – Emergency response commission

Miscellaneous

- 169.58 – Emergency vehicle lights
- 465.90 – “Fill the boot” authorization
- 604A.01 – Good Samaritan law

Chapter 69

Of the chapters without a definition of volunteer firefighter, chapter 69 uses the term the most and in a variety of ways. In section 69.022, it specifically cross-references the definition in 299N. In other places, including 69.021, the reference to volunteer firefighter is derived from membership under sections 353G or 424A.

299N.03 DEFINITIONS.

Subdivision 1. **Scope.** The terms used in sections 299N.04 and 299N.05 have the meanings given them in this section.

Subd. 2. **Board.** "Board" means the Board of Firefighter Training and Education established under section 299N.02.

Subd. 3. **Chief firefighting officer.** "Chief firefighting officer" means the highest ranking employee or appointed official of a fire department, or the highest ranking employee or appointed official's designee for the purposes of this chapter.

Subd. 4. **Fire department.** "Fire department" has the meaning given it in section 299F.092, subdivision 6. For purposes of sections 299N.04 and 299N.05, fire department also includes a division of a state agency, regularly charged with the responsibility of providing fire protection to the state or a local government, to include a private, nonprofit fire department directly serving a local government, but does not include an industrial fire brigade.

Subd. 5. **Full-time firefighter.** A "full-time firefighter" means a person who is employed and charged with the prevention and suppression of fires within the boundaries of the state on a full-time, salaried basis and who is directly engaged in the hazards of firefighting or is in charge of a designated fire company or companies that are directly engaged in the hazards of firefighting. Full-time firefighter does not include a volunteer, part-time, or paid-on-call firefighter.

Subd. 6. **Licensed firefighter.** "Licensed firefighter" means a full-time firefighter, to include a fire department employee, member, supervisor, or appointed official, who is licensed by the board and charged with the prevention or suppression of fires within the boundaries of the state. Licensed firefighter may also include a volunteer firefighter.

Subd. 7. **Volunteer firefighter.** A "volunteer firefighter" means a person who is charged with the prevention or suppression of fires within the boundaries of the state on a volunteer, part-time, or paid-on-call basis. Volunteer firefighter does not include a full-time firefighter.

History: 2009 c 153 s 2; 2010 c 229 s 1; 2015 c 65 art 4 s 4-7

Insurance Act applicable to the member if the membership eligibility criteria are met under this chapter. A coordinated member also is a former basic member who has a complete and continuous separation for at least 30 days from employment as a public employee meeting the requirements specified in subdivision 28, paragraph (a), and who reenters public service as a public employee and meets the membership eligibility criteria under this chapter.

Subd. 33. **Basic member.** "Basic member" means a public employee, including a public hospital employee, who is not covered by any agreement or modification made between the state and the Secretary of Health and Human Services.

Subd. 34. [Repealed, 1982 c 404 s 10]

Subd. 35. **Volunteer ambulance service personnel.** "Volunteer ambulance service personnel," for purposes of this chapter, are basic and advanced life-support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity.

Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is considered a "volunteer firefighter" for all service for which the person receives credit in an association or fund operating under chapter 424A or credit in the retirement plan established under chapter 353G.

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (6), before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(1), as amended, but not to exceed age 66.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (7) and (8).

Subd. 38. **Business year.** "Business year" means the first day of the first full pay period through the last day of the last full pay period of the 12-month fiscal year applicable to the respective governmental subdivision.

Subd. 39. [Repealed, 2002 c 392 art 3 s 9]

Subd. 40. [Repealed, 2010 c 359 art 5 s 28]

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire retirement plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of inherently dangerous duties that are specific to the positions covered by the public employees police and fire retirement plan.

Subd. 42. **Less frequent duties.** "Less frequent duties" means tasks which are designated in the applicant's job description as either required from time to time or as assigned, but which are not carried out as part of the normal routine of the applicant's job.

Subd. 43. **Line of duty death.** "Line of duty death" means:

353G.01 DEFINITIONS.

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

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

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

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

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

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

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

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

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

Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active service to a municipal fire department or an independent nonprofit firefighting corporation where the applicable municipality or corporation has elected coverage by the retirement plan under section 353G.05, and which service is covered by the retirement plan.

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

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

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5), a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17.

Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan document," for an account in the monthly benefit retirement division, means the articles of incorporation and bylaws of the prior former

volunteer firefighter relief association in effect on the day before the date on which the retirement coverage transfer under section 353G.05 occurred or as provided in the most recent modification under section 353G.121.

Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

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

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

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

Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is an active member of a municipal fire department or independent nonprofit firefighting corporation and who, in that capacity, engages in fire suppression activities, provides emergency response services, or delivers fire education or prevention services on an on-call basis.

History: 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 10; 2015 c 68 art 8 s 2-10; 2018 c 211 art 16 s 4,5

424A.001 DEFINITIONS.

Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as used in this chapter, the terms defined in this section have the meanings given.

Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the special fund of the relief association other than a service pension that is permitted by law and that is provided for in the relief association bylaws.

Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association" means a volunteer firefighters relief association that provides a lump-sum service pension, provides a monthly benefit service pension, or provides a lump-sum service pension as an alternative to the monthly benefit service pension.

Subd. 1c. **Defined contribution relief association.** "Defined contribution relief association" means a volunteer firefighters relief association that provides a service pension based solely on an individual account balance rather than a specified annual lump-sum or monthly benefit service pension amount.

Subd. 2. **Fire department.** "Fire department" includes a municipal fire department, an independent nonprofit firefighting corporation, and a fire department established as or operated by a joint powers entity under section 471.59.

Subd. 2a. **Municipal.** "Municipal" means of a city or township.

Subd. 3. **Municipality.** "Municipality" means a city or township which has established a fire department with which the relief association is directly associated, a city or township which has entered into a contract with the independent nonprofit firefighting corporation of which the relief association is directly associated, or a city or township that has entered into a contract with a joint powers entity established under section 471.59 of which the relief association is directly associated.

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief association" means a volunteer firefighters relief association or a volunteer firefighters division or account of a partially salaried and partially volunteer firefighters relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 424A.091 to 424A.095; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed by chapter 353G.

(c) A relief association or volunteer firefighters relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer firefighters relief association or the account for volunteer firefighters within the special fund of a partially salaried and partially volunteer firefighters relief association.

Subd. 6. [Repealed, 2010 c 359 art 13 s 13]

Subd. 7. [Repealed, 2009 c 169 art 10 s 58]

Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality approves for a fire department that is a municipal department, or if the applicable contracting municipality or municipalities approve for a fire department that is an independent nonprofit firefighting corporation, includes fire department service rendered by fire prevention personnel.

Subd. 9. **Separate from active service.** "Separate from active service" means that a firefighter permanently ceases to perform fire suppression duties with a particular volunteer fire department, permanently ceases to perform fire prevention duties, permanently ceases to supervise fire suppression duties, and permanently ceases to supervise fire prevention duties.

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member of the applicable fire department or the independent nonprofit firefighting corporation and is eligible for membership in the applicable relief association and:

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the relief association.

Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association begins on January 1 of each calendar year and ends on December 31 of the same calendar year.

Subd. 12. **Membership start date.** Membership in a volunteer firefighter relief association begins upon the date of hire by a municipality, a joint powers board, or an independent nonprofit firefighting corporation with which the relief association is directly associated, unless otherwise specified in the relief association bylaws.

History: 1983 c 219 s 4; 1986 c 359 s 18,19; 1Sp1986 c 3 art 2 s 40; 1989 c 304 s 137; 1989 c 319 art 8 s 26; 1996 c 438 art 8 s 1,2; 2000 c 461 art 15 s 4; 2006 c 271 art 13 s 2,7; 2008 c 349 art 14 s 6,7; 2009 c 169 art 10 s 8-19; 2012 c 286 art 12 s 9; 2013 c 111 art 5 s 77,80; art 6 s 4; 2015 c 68 art 9 s 3; art 13 s 63; 2018 c 211 art 14 s 2-5

424A.10 STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means a volunteer firefighter who receives a lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter;

(3) "active volunteer firefighter" means a person who:

(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a fire department;

(ii) has met the statutory and other requirements for relief association membership; and

(iii) is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one month;

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

(i) terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and

(ii) has sufficient service credit from the applicable relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and

(5) "volunteer firefighter" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.

Subd. 2. **Payment of supplemental benefit.** (a) Upon the payment by a volunteer firefighters relief association or by the voluntary statewide lump-sum volunteer firefighter retirement plan of a lump-sum distribution to a qualified recipient, the association must pay a supplemental benefit to the qualified recipient. Notwithstanding any law to the contrary, the relief association must pay the supplemental benefit out of its special fund and the voluntary statewide lump-sum volunteer firefighter retirement plan must pay the supplemental benefit out of the voluntary statewide lump-sum volunteer firefighter retirement plan. This benefit is an amount equal to ten percent of the regular lump-sum distribution that is paid on the basis of the recipient's service as a volunteer firefighter. In no case may the amount of the supplemental benefit exceed \$1,000. A supplemental benefit under this paragraph may not be paid to a survivor of a deceased active or deferred volunteer firefighter in that capacity.

(b) Upon the payment by a relief association or the retirement plan of a lump-sum survivor benefit to a survivor of a deceased active volunteer firefighter or of a deceased deferred volunteer firefighter, the association must pay a supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the special fund of the relief association and the retirement plan must pay a

supplemental survivor benefit to the survivor of the deceased active or deferred volunteer firefighter from the retirement fund if chapter 353G so provides. The amount of the supplemental survivor benefit is 20 percent of the survivor benefit, but not to exceed \$2,000.

(c) For purposes of this section, the term "regular lump-sum distribution" means the pretax lump-sum distribution excluding any interest that may have been credited during a volunteer firefighter's period of deferral.

(d) An individual may receive a supplemental benefit under paragraph (a) or under paragraph (b), but not under both paragraphs with respect to one lump-sum volunteer firefighter benefit.

Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year, the volunteer firefighters relief association or the voluntary statewide lump-sum volunteer firefighter retirement plan shall apply to the commissioner of revenue by February 15. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid by the relief association to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The commissioner of revenue shall reimburse the relief association by paying the reimbursement amount to the treasurer of the municipality where the association is located and shall reimburse the retirement plan by paying the reimbursement amount to the executive director of the Public Employees Retirement Association. Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer of the association if the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the reimbursement payment to the association until the complete financial report is filed. If the association has dissolved or has been removed as a trustee of state aid, the treasurer shall deposit the money in a special account in the municipal treasury, and the money may be disbursed only for the purposes and in the manner provided in section 424A.08. When paid to the association, the reimbursement payment must be deposited in the special fund of the relief association and when paid to the retirement plan, the reimbursement payment must be deposited in the retirement fund of the plan.

(c) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this section is in lieu of the state income tax exclusion for lump-sum distributions of retirement benefits paid to volunteer firefighters.

(b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum distributions from state income taxation, the supplemental benefits under this section are no longer payable, beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump-sum distribution under section 290.032 or 290.0802.

Subd. 5. [Repealed, 2013 c 111 art 6 s 13]

History: 1988 c 719 art 19 s 22; 1989 c 319 art 10 s 7; 1993 c 307 art 9 s 1; 2006 c 271 art 13 s 5; 2007 c 134 art 10 s 1-3; 2008 c 154 art 15 s 9; 2009 c 169 art 9 s 29-31; art 10 s 46-50; 2013 c 111 art 6 s 10,11; 2014 c 296 art 12 s 17; 2018 c 211 art 14 s 23