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Statement of Position Combined Service Pensions for Firefighters

Date Reviewed: 12/23/2025

Date Revised: 12/23/2025

This Statement of Position is not legal advice and is subject to revision.

Minnesota law provides authority for defined-benefit and defined-contribution fire relief associations to pay a combined service pension to members with active service in more than one relief association.¹ A combined service pension means that years of service accumulate and are combined for purposes of determining the firefighter's vested amount when that firefighter moves from one participating relief association to another. To pay a combined service pension, the bylaws of each participating relief association must be amended to allow the combined service pension payments.

A member must have at least one year of service credit in each participating relief association. Additionally, the firefighter must become a member of the second or succeeding relief association and must give notice of membership to the prior relief association within two years of the date of termination of active service with the prior relief association. If requested by the member or a subsequent relief association, the secretary of each prior relief association must provide written notice to the member and the subsequent relief association regarding the amount of active service accrued by the member in the prior relief association.

Assets are *not* transferred between or among relief associations when a combined service pension is payable. When a member who is eligible for a combined service pension retires, the member is paid a pension from each participating relief association in which the member has accrued at least one year of active service credit and is at least partially vested. As for other retiring members, each pension is based on the benefit level in effect for the relief association, or, for defined contribution plans, based on the member's individual account balance, on the date on which active firefighting services covered by that relief association terminate.

To qualify for a combined service pension, a member must complete enough years of active service in the first participating relief association to be at least partially vested on the date the member terminates active service with that relief association. The service pension paid from this first relief association is based on the years of active service accrued in the first relief association and the vesting percentage applicable to those years of service.

¹ See generally Minn. Stat. § 424A.015, subd. 7.

Service credit continues to accumulate for vesting purposes with each subsequent participating relief association in which the member accrues credit. To receive a service pension from a subsequent relief association, the member must be at least partially vested under the subsequent relief association's bylaws, taking into consideration the member's total service credit accumulated in all participating relief associations as of the date the member terminates service in the subsequent relief association. The service pension paid from each subsequent relief association is based on the years of active service accrued solely in that relief association, and the vesting percentage applicable to the combined amount of total service credit accrued in all participating relief associations.

Because years of service accumulate for vesting purposes, the service pension amount paid from each subsequent participating relief association is more than would otherwise be payable. This is why the bylaws of each participating relief association must specifically authorize combined service pension payments in order for them to be offered.

Examples for Relief Associations with Combined Service Pension Bylaw Provisions

Let's consider an example. A member serves for ten years with one fire department and then serves for an additional five years with another fire department and both relief associations have amended their bylaws to offer combined service pensions. Both relief associations require ten years of active service for partial vesting. When the member retires from the first fire department the member will be eligible for a pension payment from the first relief association (provided the member had met the minimum retirement age requirement). The pension is calculated based on the ten years of service accrued in the first relief association and the benefit level or account balance in effect with that particular relief association when the member separated. The vesting percentage would be based on the ten years of service accrued in this first relief association.

In this example, the member would also receive a service pension from the second relief association based on the five years served with that relief association. The pension would be calculated using five years times the benefit level or account balance in effect when the member separated from service with the second relief association. The vesting percentage used in the calculation would, however, be based on the combined 15 years of service, rather than just the five years served with that relief association.

Let's consider another example. A member serves for two years with one fire department and then serves for an additional three years with another fire department. The affiliated relief associations of both fire departments offer vesting after five completed years of service, and both have amended their bylaws to offer combined service pensions.

In this example, the member would not be eligible for a service pension from the first relief association as the member was not vested based on the amount of service accrued when the member terminated active service with that relief association. The member would be eligible, though, for a service pension from the second relief association because the member was vested when service in the first and subsequent relief associations are combined. The pension payable from the second relief association will be based on the three years served with that relief association and the benefit level or account balance in effect when the member separated. The vesting percentage will be based on the combined total of five years of service.