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Statement of Position Combined Service Pensions for Volunteer Firefighters

Minnesota law provides authority for defined-benefit and defined-contribution volunteer 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 among multiple relief associations are combined for purposes of a volunteer firefighter's vesting. To pay a combined service pension, the bylaws of each participating relief association must be amended to allow the combined service pension payments.

In addition, for vesting, a member must have at least ten years of total service, unless each participating relief association requires less than a ten-year vesting requirement, in which case the vesting requirement to be eligible for the combined service pension is the longest vesting requirement of the participating relief associations.

A member must have at least one year of service credit in each 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. The second or subsequent relief association secretary must certify the notice.

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. The service pensions are calculated the same as they would be calculated for other retiring members, except that years of service among all participating relief associations are combined for vesting purposes. 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 volunteer firefighting services covered by that relief association terminate.

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

Reviewed: March 2020
Revised: March 2020

2011-2002

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

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Because years of service are combined for vesting purposes, the service pension amount paid from each 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. In addition, because the vesting percentage is based on the combined service in all participating relief associations, the pension amount cannot be calculated and paid until the member permanently ceases all firefighting duties. Transferring pension assets from one relief association to another is not authorized.

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. When the member ultimately retires from the second fire department, he or she will receive two pension payments, one from each affiliated relief association. The pension from the first relief association is based on ten years of service (the time served with that particular fire department) and the benefit level or account balance in effect with that particular relief association when the member separated. The vesting percentage, however, is based on the combined 15 years of service, rather than just the ten years served with the first fire department.

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

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. The member therefore is eligible for a combined service pension because the member is vested based on his or her combined total years of service.

The service pension payable from both relief associations will be based on the years served with each particular fire department and the benefit level or account balance in effect in each particular relief association when the member separated. The vesting percentage used for both pensions will be based on the combined total five years of service.