Working Group
Meeting Agenda: August 12, 2025

I. Call to Order
Chair Auditor Blaha.

II. Review and Approval of Working Group Meeting Minutes
Exhibit A. Draft July 21, 2025, Meeting Minutes

III. Review of Topic Suggestion Rankings
Exhibit B.

IV. Discussion of Audit Requirements and Process
Exhibits C and D.
- Discussion Topics (C)
- Feedback from Audit Firms (D)

V. Discussion of Membership Start Date
Exhibit E.

VI. Review of Return to Service Clarifications
Exhibit F.

VII. Review of Deferred Member Allocations Technical Change
Exhibit G.

VIII. Other Business

IX. Next Meeting
Tuesday, September 16, 2025
2:00 p.m. to 3:30 p.m.
In-Person/Virtual Hybrid Format

X. Adjournment

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by August 8, 2025.

Exhibit A
7-21-25 Approved Minutes

Members Present
Julie Blaha, State Auditor
Jon Dahlke, Glencoe Fire Relief Association Treasurer (defined benefit monthly/lump sum plans)
Dan Johnson, Mendota Heights Fire Relief Association Trustee (defined contribution plans)
Aaron Johnston, Coon Rapids Fire Relief Association Treasurer (defined contribution plans)
Mikal Knotek, St. Michael Fire Relief Association Secretary (defined benefit lump sum plans)
Clinton Rogers, City of Janesville Administrator
Kevin Wall, Lower Saint Croix Valley Fire Relief Association President (defined benefit lump sum plans)
Michael Walstien, Plymouth Fire Relief Association Member (defined contribution plans)

Members Excused
Roger Carlson, Minnesota State Fire Department Association Representative (defined benefit monthly/lump sum plans)
Steve Donney, City of Harmony Mayor
Karl Mork, Bemidji Fire Relief Association Treasurer (defined benefit lump sum plans)
Darrell Pettis, St. Peter Fire Relief Association Treasurer (defined benefit lump sum plans)
Thomas Wilson, Eden Prairie Fire Relief Association Secretary (defined benefit monthly/lump sum plans)

Office of the State Auditor Representatives Present
Ramona Advani, Deputy State Auditor and General Counsel
Rose Hennessy Allen, Office of the State Auditor Pension Director

Legislative Support Present
Aleena Wilson, Legislative Commission on Pensions and Retirement Analyst

I. Call to Order
Auditor Blaha called the meeting to order. She explained that the meeting was being conducted in a hybrid format and being recorded and streamed to the Office of the State Auditor (OSA) YouTube channel. She explained the meeting norms and voting procedures. The meeting agenda was adopted unanimously.

II. Introductions
Working Group members and support staff in attendance introduced themselves. Auditor Blaha welcomed everyone.

III. Review and Approval of Working Group Meeting Minutes
Members reviewed the October 1, 2024, meeting minutes that had been provided in advance. The meeting minutes were adopted unanimously.

IV. Working Group Process Discussion

- Working Group Purpose Statement
  The members reviewed the draft Purpose Statement. There were no changes to the Purpose Statement.

- Working Group Process Statement
  Members reviewed the draft Process Statement. Auditor Blaha noted that unanimous consent is required for a proposal to move forward, although proposals that do not have unanimous agreement may be revisited and reconsidered. The Process Statement was adopted unanimously.

- Working Group Membership List
  Auditor Blaha shared that the membership list will be posted on the OSA website and asked that Hennessy Allen be notified of any changes. Auditor Blaha asked that professional addresses be used rather than home addresses.

- Respectful Workplace Policy
  Auditor Blaha shared the Respectful Workplace Policy in place for State of Minnesota employees, volunteers, contractors, and others who visit the workplace and public service environment. She explained that we ask Working Group members to adhere to the policy, and know that they are protected by the policy, too.

V. Legislative Review

Hennessy Allen summarized Working Group proposals passed during the 2025 Legislative Sessions, and shared non-Working Group proposals impacting fire relief associations that may be of interest to the group. Members shared they've heard from relief associations that are happy with the ability for defined contribution plan members to be paid retirement benefits at an earlier age and with the increased maximum allowable benefit level for defined benefit plans.

VI. Discussion of Working Group Topic Suggestions

Auditor Blaha shared the list of topic suggestions received from relief association trustees and members, and from other stakeholders. Note that a high topic ranking doesn't necessarily mean the Working Group supports the proposal or wants to make any change. Sometimes, Working Group members want to take a topic up so there can be a public discussion of the issue and support current law. Hennessy Allen briefly explained each topic and said Working Group members would be asked to complete a survey to rank their topic priorities.

VII. Discussion of Audit Requirement and Experiences

A relief association that has at least $750,000 in either special fund assets or liabilities must file an annual audit with the OSA. After a relief association exceeds this threshold, an annual audit is required, even if the relief association were to subsequently drop back below the threshold. Relief associations below the threshold, and that have not exceeded it in a prior year, may have an agreed-upon procedures engagement performed instead of having a full audit. Because of the shortage of public finance staff, we continue to receive requests from relief association trustees and from audit firms to consider changes so that audits are focused where they will be most effective.

Working Group members discussed whether the requirement that relief associations maintain the annual audit requirement even if assets and liabilities fall below the threshold be changed. There was agreement that language be drafted for further review and discussion at the next meeting to change this requirement. Working Group members also discussed the timing of when an audit should be required if the threshold is exceeded. Members agreed a one-year grace period should be provided before an audit becomes required when relief associations exceed the threshold, and that relief associations revert to an agreed-upon procedures requirement without any waiting period if assets and liabilities should both subsequently fall below the threshold. Language will be drafted to this effect for further review and discussion at the next meeting.

VIII. Other Business

There was no other business.

IX. Next Meeting

Tuesday, August 12, 2025
2:00 p.m. to 3:30 p.m.
In-Person/Virtual Hybrid Format

X. Adjournment

The meeting was adjourned at 3:31 pm.

Office of the State Auditor

Exhibit B
Working Group Topic Rankings

2025 Potential Topics

Topic	Description	Source	Type	Rank*
Audits (424A.014, subd. 1)	1. Consider increasing the threshold at which an annual audit is required.	FRAs	Limited Policy Change	5
	2. Discuss the audit process and consider ways to measure complexity and risk other than solely by asset size.	FRAs	Limited Policy Change	8
Break in Service (424A.001, subd. 9a)	3. Review the definition of "Break in Service" and consider whether any changes are needed.	FRAs	Policy Change	7
Combined Service Pensions (424A.015, subd. 7)	4. Clarify how combined service is accrued if a firefighter is an active member on two different relief associations at the same time.	FRAs	Limited Policy Change	9
DC Deferred Members (424A.016, subd. 6)	5. Consider requiring that if investment performance is allocated to deferred members at the full gain or loss, it be credited for the full period of deferral (rather than completed months or years of deferral.)	OSA	Policy Change	10
	6. Change references to deferred interest to investment performance, instead.	OSA	Limited Technical Change	3
Governing Plan Provisions (424A.015, subd. 6)	7. Clarify the timing of governing benefit plan provisions (e.g., what happens if the bylaws and state statute permit something when a member separates, but the bylaws and statute no longer do when the member's benefit is calculated and distributed?).	OSA	Policy Change	2
Membership Start Date (424A.001, subd. 12)	8. Review the wording for relief association membership start date. When membership begins on the date of hire, is "hire" the right word?	OSA	Limited Technical Change	1
Monthly Benefits (424A.093, subd. 1)	9. Determine if language permitting monthly benefits to be discontinued and replaced with a lump sum amount or annuity needs clarification. Discuss pitfalls to avoid and potential risks with purchasing annuities.	FRAs	Policy Change	4
Return to Service (424A.01, subd. 6)	10. Clarify that no resumption of service requirement applies to defined contribution plan members, and that defined benefit plan members who return to active service after being paid a benefit must meet the vesting requirement and not also a resumption of service requirement.	OSA	Limited Technical Change	6

* Ranking of 1 means most important to consider and 10 means least important.

Exhibit C
Audit Requirements and Process

Office of the State Auditor

Topic:

A relief association that has at least $750,000 in either special fund assets or liabilities must file an annual audit with the OSA. After a relief association exceeds this threshold, an annual audit is required, even if the relief association were to subsequently drop back below the threshold. Relief associations below the threshold, and that have not exceeded it in a prior year, may have an agreed-upon procedures (AUP) engagement performed instead of having a full audit.

Currently, about 57% of relief associations are below the threshold and have an AUP, while about 43% of relief associations are required to have an audit.

Because of the shortage of public finance staff, we continue to receive requests from relief association trustees and from audit firms to consider changes so that audits are focused where they will be most effective. Some possible changes for discussion are identified below. Additionally, as preparation for audits increases as does the expense, there are requests to hear experiences of relief associations and their thoughts about the process.

Discussion:

1. Should a change be made so if a relief association drops below the $750,000 threshold the relief association reverts to the AUP filing requirement, instead of maintaining the audit requirement? **(Tentatively agreed with this change during 7/21 meeting.)**

2. Should the timing of when an audit first becomes required be clarified?
    a. Our practice is to require an audit beginning with reports for the year after exceeding the threshold. **(Tentatively agreed during the 7/21 meeting to a one-year grace period before an audit is required when exceed threshold, and the ability to revert to an AUP immediately in the year after dropping below the threshold.)**

3. Should a change to the $750,000 audit threshold be considered?
    a. The audit threshold for combined clerk-treasurer cities and towns, and special districts, was increased to $1,000,000 during the 2025 Legislative Session.

4. Should changes to the required frequency of audits be considered?

5. Are there ways, other than solely the amount of assets and liabilities, to measure complexity and risk to determine whether an audit should be required?

a. Relief associations with healthy asset levels and few transactions find the audit expense and workload to not be commensurate with the activity of the funds.

6. Anything else?

Optional Changes:

The goal of the optional changes below are to allow relief associations that drop below the audit threshold to have an AUP performed instead of requiring a full financial audit. The language further provides a one-year grace period before audits become required when a relief association exceeds the threshold.

424A.014 FINANCIAL REPORT; BOND; EXAMINATION.

Subdivision 1. Financial report and audit. (a) An annual financial report and audited financial statements in accordance with paragraphs (c) to (e) must be submitted by the board of trustees of the Bloomington Fire Department Relief Association and the board of trustees of each firefighters relief association with special fund assets of at least $750,000 or special fund liabilities of at least $750,000, according to ~~any~~ the previous year's financial report.

(b) The board of trustees of a firefighters relief association with special fund assets of less than $750,000 and special fund liabilities of less than $750,000, according to ~~each~~ the previous year's financial report, may submit an annual financial report and audited financial statements in accordance with paragraphs (c) to (e). If the special fund assets or special fund liabilities of a firefighters relief association to which this paragraph applies subsequently exceed $750,000 as of the beginning of a calendar year, then an annual financial report and audited financial statements shall be required under paragraph (a) beginning with reports filed with the state auditor in the calendar year following the calendar year in which the $750,000 threshold was exceeded.

(c) The financial report must cover the relief association's special fund and general fund and be in the style and form prescribed by the state auditor. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is directly associated with a municipal fire department;

(2) the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the firefighters relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the firefighters relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The financial report must be retained in the office of the Bloomington Fire Department Relief Association or the firefighters relief association for public inspection and must be filed with the governing body of the government subdivision in which the associated fire department is located after the close of

the fiscal year. One copy of the financial report must be furnished to the state auditor on or before June 30 after the close of the fiscal year.

(e) Audited financial statements that present the true financial condition of the relief association's special fund and general fund must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor on or before June 30 after the close of the fiscal year. Audits must be conducted in compliance with generally accepted auditing standards and section 6.65 governing audit procedures. The state auditor may accept audited financial statements in lieu of the financial report required in paragraph (a).

Office of the State Auditor

Exhibit D
Feedback from Audit Firms

The following comments were submitted by audit firms for consideration by the Working Group:

1. **Agreed-Upon Procedures vs. Full Audit**
   While the idea of allowing agreed-upon procedures engagements in place of a full audit for associations under the threshold has merit, it may lead to confusion for many relief associations, especially those whose asset levels fluctuate from year to year based on investment performance. Maintaining the requirement for a full audit when the threshold is exceeded provides a clearer, more consistent approach and helps ensure continued financial accountability.

2. **One-Year Grace Period**
   I support implementing a one-year grace period for relief associations that exceed the $750,000 threshold. This buffer not only gives our office time to prepare but, more importantly, allows the relief association to adjust, plan, and contract with an auditor without being caught off guard by a sudden requirement.

3. **Raising the Audit Threshold**
   I would not recommend raising the threshold at this time. The current threshold of $750,000 was only recently adjusted, and both relief associations and their accountants need time to become familiar with and adapt to the new requirement. Making another change so soon could undermine that process and lead to additional uncertainty.

4. **Assessing Complexity and Risk**
   While it's understandable that the Working Group is interested in exploring additional ways to assess complexity and risk, I believe that asset size remains a practical and appropriate indicator for determining audit requirements. Asset size directly correlates with the level of financial activity, investment holdings, and overall reporting obligations of a relief association. It also offers a clear, objective threshold that is easy for relief associations to monitor and understand.

   Introducing additional or alternative complexity metrics could lead to inconsistency and confusion, particularly for smaller reliefs with limited administrative resources. For these reasons, I would recommend maintaining asset size as the primary basis for determining audit requirements.

Exhibit E
Membership Start Date

Topic:

Membership in a 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." *See* Minn. Stat. § 424A.001, subd. 12.

Questions have arisen about whether "date of hire" accurately describes how firefighting service or employment begins for volunteer and paid on-call firefighters.

Discussion:

1. Is "hire" the correct word to use when defining when a firefighter's begins duties with a fire department?
2. Anything else?

Exhibit F
Return to Service Clarifications

Office of the State Auditor

Topic:

The subdivision governing service pension calculation requirements for firefighters who return to active fire department service and relief association membership following a break in service is complex and requires technical corrections identified by Office of the State Auditor staff. The goal of the draft language below is to clarify the return to service provision and incorporate necessary technical corrections.

Optional Changes:

424A.01 MEMBERSHIP IN A 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 a break in service of any duration resumes performing active firefighting with the fire department associated with the relief association, and if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association, subject to the requirements of this paragraph and the service pension calculation requirements under this section.

(2) A firefighter who has been paid a service pension or disability benefit must wait at least 60 days following receipt of the pension or benefit before resuming active firefighting with the fire department and active membership in the relief association.

(3) 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~~ any minimum period of resumption service requirement of this ~~section~~ subdivision.

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

(5) If the bylaws so provide, a firefighter who returns to active relief association membership after a break in service of any duration may continue to collect a monthly service pension from the relief association,

notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter has separated from active service.

(c) If a former firefighter who has been paid 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 resumption minimum service requirements specified~~ and as defined in the relief association's bylaws in effect on the date of the firefighter's separation from active service. No firefighter may be paid a service pension more than once for the same period of service.

(1) For defined benefit relief associations, the 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 resumption service for all years of the resumption service.

(2) For defined contribution relief associations, the 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.

(3) 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, the monthly service pension payments to the firefighter are 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 meets the service requirements of section 424A.02, subdivision 2, 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.

(4) A relief association may define in its bylaws vesting requirements that solely apply to former firefighters who have been paid a service pension or disability benefit and subsequently return to active relief association membership. If a relief association elects to define vesting requirements that are solely applicable to these former firefighters the requirements may be different than the requirements for all other relief association members and need not comply with the service requirements of section 424A.016, subdivision 3 or 424A.02, subdivision 2, but cannot require more than 20 years of active service for full vesting.

(d) If a former firefighter who has not been paid 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, as applicable and as defined in the bylaws in effect on the date of the firefighter's separation from active service, based on the original and resumption years of service credit.

(1) Defined benefit relief associations may define in their bylaws a minimum period of resumption service requirement that applies to firefighters who return to active membership and who have not been paid a service pension or disability benefit for their original period of service. If a minimum period of resumption service requirement is defined the requirement must be completed prior to a firefighter's cessation of resumption service for the firefighter to be eligible for service pension benefit level increases that occurred after the firefighter's original period of service. If a minimum period of resumption service requirement is not

completed prior to a firefighter's cessation of resumption service, the service pension benefit level in effect on the date of the firefighter's termination of original service will be used to calculate any service pension payable for the original and resumption service periods. If the minimum period of resumption service requirement is completed prior to a firefighter's cessation of resumption service, the service pension benefit level in effect on the date of the firefighter's separation from active resumption service will be used to calculate any service pension payable for both the original and resumption service periods. Any service pension payable under this paragraph to a firefighter for the original and resumption service periods is less any amounts previously forfeited under section 424A.02, subdivision 3(c).

(2) For defined contribution relief associations, any service pension payable under this paragraph to a firefighter for the original and resumption service periods is less any amounts previously forfeited under section 424A.016, subdivision 4.

~~(c) 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 resumption minimum service requirements specified in the relief association's bylaws, as applicable, as specified in the bylaws 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 G
Deferred Member Allocations
Technical Change

Office of the State Auditor

Topic:

Changes below remove the word “interest” from the defined contribution deferred member provision, so that the provision refers to “additional investment performance” being allocated to deferred member accounts.

Optional Changes:

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

Subd. 6. Deferred service pensions. (a) A "deferred member" means a member of a relief association who has separated from active service and membership and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) A deferred member is entitled to receive a deferred service pension when the member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and makes a valid written application.

(c) A defined contribution relief association must credit ~~interest or~~ additional investment performance on the deferred lump-sum service pension during the period of deferral for all deferred members on or after January 1, 2021. A defined contribution relief association may specify in its bylaws the method by which it will credit ~~interest or~~ additional investment performance to the accounts of deferred members. Such method shall be limited to one of the three methods provided in this paragraph. In the event the bylaws do not specify a method, the ~~interest or~~ additional investment performance must be credited using the method defined in clause (3). The permissible methods are:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account.

(d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw amendments made in accordance with paragraph (c) on or before January 1, 2022, shall apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, ~~interest or~~ additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active

service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.