

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 3540

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DATE	D-PG	OFFICIAL STATUS
02/28/2022	5152	Introduction and first reading Referred to State Government Finance and Policy and Elections
03/03/2022	5207	Author added Duckworth
03/31/2022		Comm report: To pass as amended Second reading

1.1 A bill for an act

1.2 relating to retirement; state auditor's volunteer fire relief association working group;

1.3 simplifying maximum benefit levels, modifying certification of service credit

1.4 process, modifying distributions to alternate payees pursuant to a domestic relations

1.5 order, clarifying payment of supplemental benefits, and making conforming

1.6 changes; amending Minnesota Statutes 2020, sections 424A.003; 424A.015,

1.7 subdivision 2; 424A.05, subdivision 3, by adding a subdivision; Minnesota Statutes

1.8 2021 Supplement, sections 353G.11, subdivision 1; 424A.02, subdivisions 3, 3a;

1.9 424A.091, subdivision 3; 424A.093, subdivision 1; 424A.10, subdivision 2;

1.10 424B.10, subdivision 1b; 424B.13, subdivision 4; 424B.22, subdivision 4; repealing

1.11 Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, 2c.

1.12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.13 Section 1. Minnesota Statutes 2021 Supplement, section 353G.11, subdivision 1, is

1.14 amended to read:

1.15 Subdivision 1. **Service pension levels; lump-sum retirement division.** Except as

1.16 provided in subdivision 1a, the lump-sum retirement division of the retirement plan provides

1.17 the following levels of service pension amounts per full year of good time service credit to

1.18 be selected at the election of coverage:

1.19 (1) a minimum service pension level of \$500 per year;

1.20 (2) a maximum service pension level equal to the ~~largest~~ largest maximum lump-sum service

1.21 pension amount permitted under section 424A.02, subdivision 2e subdivision 3, as a

1.22 ~~maximum lump-sum service pension amount~~ payable for each year of service; and

1.23 (3) service pension levels between the minimum level and the maximum level in \$100

1.24 increments.

1.25 **EFFECTIVE DATE.** This section is effective January 1, 2023.

2.1 Sec. 2. Minnesota Statutes 2020, section 424A.003, is amended to read:

2.2 **424A.003 CERTIFICATION OF SERVICE CREDIT.**

2.3 (a) When a municipal fire department, a joint powers fire department, or an independent
2.4 nonprofit firefighting corporation is directly associated with the volunteer firefighters relief
2.5 association, the fire chief shall certify annually by March 31 the service credit for the
2.6 previous calendar year of each volunteer firefighter rendering active service with the fire
2.7 department.

2.8 (b) The certification shall be made to an officer of the relief association's board of trustees
2.9 and to the municipal clerk or clerk-treasurer of the largest municipality in population served
2.10 by the associated fire department.

2.11 (c) The fire chief shall notify each volunteer firefighter rendering active service with
2.12 the fire department of the amount of service credit rendered by the firefighter for the previous
2.13 calendar year. Upon request, the fire chief shall provide the firefighter with a written
2.14 explanation and documentation to support the determination of service credit. The service
2.15 credit notification and a description of the process and deadlines for the firefighter to
2.16 challenge the fire chief's determination of service credit must be provided to the firefighter
2.17 at least 21 days prior to its certification to the relief association and municipality. If the
2.18 service credit amount is challenged, the fire chief shall accept and consider any additional
2.19 pertinent information and shall make a final determination of service credit.

2.20 (d) The service credit certification must be expressed as the number of completed months
2.21 of the previous year during which an active volunteer firefighter rendered at least the
2.22 minimum level of duties as specified and required by the fire department under the rules,
2.23 regulations, and policies applicable to the fire department. No more than one year of service
2.24 credit may be certified for a calendar year.

2.25 (e) If a volunteer firefighter who is a member of the relief association leaves active
2.26 firefighting service to render active military service that is required to be governed by the
2.27 federal Uniformed Services Employment and Reemployment Rights Act, as amended, the
2.28 firefighter must be certified as providing service credit for the period of the military service,
2.29 up to the applicable limit of the federal Uniformed Services Employment and Reemployment
2.30 Rights Act. If the volunteer firefighter does not return from the military service in compliance
2.31 with the federal Uniformed Services Employment and Reemployment Rights Act, the service
2.32 credits applicable to that military service credit period are forfeited and canceled at the end
2.33 of the calendar year in which the time limit set by federal law occurs.

2.34 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.1 Sec. 3. Minnesota Statutes 2020, section 424A.015, subdivision 2, is amended to read:

3.2 Subd. 2. **No assignment or garnishment.** Except as provided in sections 424A.05,
3.3 518.58, 518.581, and 518A.53:

3.4 (1) a service pension or ancillary benefits paid or payable from the special fund of a
3.5 relief association to any person receiving or entitled to receive a service pension or ancillary
3.6 benefits is not subject to garnishment, judgment, execution, or other legal process,~~except~~
3.7 ~~as provided in section 518.58, 518.581, or 518A.53;~~ and

3.8 (2) no person entitled to a service pension or ancillary benefits from the special fund of
3.9 a relief association may assign any service pension or ancillary benefit payments, and the
3.10 association does not have the authority to recognize any assignment or pay over any sum
3.11 which has been assigned.

3.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.13 Sec. 4. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3, is amended
3.14 to read:

3.15 Subd. 3. **Determining maximum pension benefit.** (a) Except as provided in section
3.16 424B.22, subdivision 4, a defined benefit relief association may not set in its bylaws a
3.17 service pension amount above the following maximum amounts:

3.18 (1) for a defined benefit relief association in which the governing bylaws provide for a
3.19 monthly benefit service pension as an alternative form of service pension payment to a
3.20 lump-sum service pension, the maximum monthly service pension amount for each pension
3.21 payment type must be determined using the applicable table contained in subdivision 2b or
3.22 2c; per month for each year of service credited is \$100; and

3.23 (2) for a defined benefit relief association in which the governing bylaws provide for a
3.24 lump-sum service pension, the maximum lump-sum service pension amount for each year
3.25 of service credited is \$15,000.

3.26 ~~(b) If a defined benefit relief association establishes a service pension in compliance~~
3.27 ~~with the applicable maximum contained in subdivision 2b or 2c and the minimum average~~
3.28 ~~amount of available financing per active covered firefighter is subsequently reduced because~~
3.29 ~~of a reduction in fire state aid or because of an increase in the number of active firefighters,~~
3.30 ~~the relief association may continue to provide the prior service pension amount specified~~
3.31 ~~in its bylaws, but may not increase the service pension amount until the minimum average~~
3.32 ~~amount of available financing per firefighter under the table in subdivision 2b or 2c,~~
3.33 ~~whichever applies, permits.~~

4.1 ~~(e) No defined benefit relief association is authorized to provide a service pension in an~~
 4.2 ~~amount greater than the largest applicable flexible service pension maximum amount even~~
 4.3 ~~if the amount of available financing per firefighter is greater than the financing amount~~
 4.4 ~~associated with the largest applicable flexible service pension maximum.~~

4.5 ~~(d)~~ (b) The method of calculating service pensions must be applied uniformly for all
 4.6 years of active service. Credit must be given for all years of active service, unless the bylaws
 4.7 of the relief association provide that service credit is not given for:

4.8 (1) years of active service in excess of caps on service credit; or

4.9 (2) years of active service earned by a former member who:

4.10 (i) has ceased duties as a volunteer firefighter with the fire department before becoming
 4.11 vested under subdivision 2; and

4.12 (ii) has not resumed active service with the fire department and active membership in
 4.13 the relief association for a period as defined in the relief association's bylaws, of not less
 4.14 than five years.

4.15 **EFFECTIVE DATE.** This section is effective January 1, 2023.

4.16 Sec. 5. Minnesota Statutes 2021 Supplement, section 424A.02, subdivision 3a, is amended
 4.17 to read:

4.18 Subd. 3a. **Penalty for paying pension greater than applicable maximum.** (a) If a
 4.19 defined benefit relief association pays a service pension greater than the applicable maximum
 4.20 ~~service pension associated with the applicable average amount of available financing per~~
 4.21 ~~active covered firefighter under the table in subdivision 2b or 2c, whichever applies, the~~
 4.22 ~~maximum service pension under subdivision 3, paragraph (b), or the applicable maximum~~
 4.23 ~~service pension amount specified in subdivision 3, paragraph (c), whichever is less, the state~~
 4.24 auditor shall:

4.25 (1) disqualify the municipality or the independent nonprofit firefighting corporation
 4.26 associated with the relief association from receiving fire state aid by making the appropriate
 4.27 notification to the municipality and the commissioner of revenue, with the disqualification
 4.28 applicable for the next apportionment and payment of fire state aid; and

4.29 (2) order the treasurer of the applicable relief association to recover the amount of the
 4.30 overpaid service pension or pensions from any retired firefighter who received an
 4.31 overpayment.

5.1 (b) Fire state aid amounts from disqualified municipalities for the period of
5.2 disqualifications under paragraph (a), clause (1), must be credited to the amount of fire
5.3 insurance premium tax proceeds available for the next subsequent fire state aid
5.4 apportionment.

5.5 (c) The amount of any overpaid service pension recovered under paragraph (a), clause
5.6 (2), must be credited to the amount of fire insurance premium tax proceeds available for
5.7 the next subsequent fire state aid apportionment.

5.8 (d) The determination of the state auditor that a relief association has paid a service
5.9 pension greater than the applicable maximum must be made on the basis of the information
5.10 filed by the relief association and the municipality with the state auditor under this chapter
5.11 and any other relevant information that comes to the attention of the state auditor. The
5.12 determination of the state auditor is final. An aggrieved municipality, relief association, or
5.13 person may appeal the determination under section 480A.06.

5.14 (e) The state auditor may certify, upon learning that a relief association overpaid a service
5.15 pension based on an error in the maximum service pension calculation, the municipality or
5.16 independent nonprofit firefighting corporation associated with the relief association for fire
5.17 state aid if (1) there is evidence that the error occurred in good faith, and (2) the relief
5.18 association has initiated recovery of any overpayment amount. Notwithstanding paragraph
5.19 (c), all overpayments recovered under this paragraph must be credited to the relief
5.20 association's special fund.

5.21 **EFFECTIVE DATE.** This section is effective January 1, 2023.

5.22 Sec. 6. Minnesota Statutes 2020, section 424A.05, subdivision 3, is amended to read:

5.23 Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the
5.24 special fund may not be made for any purpose other than one of the following:

5.25 (1) for the payment of service pensions to retired members of the relief association if
5.26 authorized and paid under law and the bylaws governing the relief association;

5.27 (2) for the purchase of an annuity for the applicable person under section 424A.015,
5.28 subdivision 3, for the transfer of service pension or benefit amounts to the applicable person's
5.29 individual retirement account under section 424A.015, subdivision 4, or to the applicable
5.30 person's account in the Minnesota deferred compensation plan under section 424A.015,
5.31 subdivision 5;

6.1 (3) for the payment of temporary or permanent disability benefits to disabled members
 6.2 of the relief association if authorized and paid under law and specified in amount in the
 6.3 bylaws governing the relief association;

6.4 (4) for the payment of survivor benefits or for the payment of a death benefit to the estate
 6.5 of the deceased active or deferred firefighter, if authorized and paid under law and specified
 6.6 in amount in the bylaws governing the relief association;

6.7 (5) for the payment of the fees, dues and assessments to the Minnesota State Fire
 6.8 Department Association and to the Minnesota State Fire Chiefs Association in order to
 6.9 entitle relief association members to membership in and the benefits of these associations
 6.10 or organizations;

6.11 (6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit
 6.12 Association, or an insurance company licensed by the state of Minnesota offering casualty
 6.13 insurance, in order to entitle relief association members to membership in and the benefits
 6.14 of the association or organization; ~~and~~

6.15 (7) for the payment of administrative expenses of the relief association as authorized
 6.16 under subdivision 3b; and

6.17 (8) for the payment of a service pension to the former spouse of a member or former
 6.18 member of a relief association, if the former spouse is an alternate payee designated in a
 6.19 qualified domestic relations order under subdivision 5.

6.20 (b) Checks or authorizations for electronic fund transfers for disbursements authorized
 6.21 by this section must be signed by the relief association treasurer and at least one other elected
 6.22 trustee who has been designated by the board of trustees to sign the checks or authorizations.
 6.23 A relief association may make disbursements authorized by this subdivision by electronic
 6.24 fund transfers only if the specific method of payment and internal control policies and
 6.25 procedures regarding the method are approved by the board of trustees.

6.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

6.27 Sec. 7. Minnesota Statutes 2020, section 424A.05, is amended by adding a subdivision to
 6.28 read:

6.29 Subd. 5. **Qualified domestic relations orders.** (a) A "qualified domestic relations order"
 6.30 means a domestic relations order that creates or recognizes the existence of an alternate
 6.31 payee's right to or assigns to an alternate payee the right to receive a service pension that is
 6.32 all or any portion of the service pension payable with respect to a member or former member
 6.33 of a relief association.

7.1 (b) An "alternate payee" means the former spouse of a member or former member of a
7.2 relief association, including a former spouse who is a distributee as defined in section
7.3 356.635, subdivision 7, clause (3).

7.4 (c) A relief association must comply with a qualified domestic relations order purporting
7.5 to assign all or a portion of a service pension accrued under the retirement plan of the relief
7.6 association, to the extent vested, if the payment or payments required by the order are within
7.7 the limits described in section 518.58, subdivision 4, paragraph (a), clauses (1) to (4). For
7.8 the purpose of applying section 518.58, subdivision 4, paragraph (a), "plan" or "pension
7.9 plan" as used in paragraph (a) means the articles or bylaws of the relief association and
7.10 chapter 424A, as applicable to the relief association.

7.11 (d) Notwithstanding any state law to the contrary, the bylaws of a relief association may
7.12 permit distribution to an alternate payee under a qualified domestic relations order:

7.13 (1) as early as administratively practicable after the order is received by the relief
7.14 association, even if the member whose service pension is being assigned to the alternate
7.15 payee under the order has not yet reached age 50 or separated from active service with the
7.16 fire department affiliated with the relief association; and

7.17 (2) in a lump sum, even if the relief association is a defined benefit relief association
7.18 that pays monthly service pensions under section 424A.093.

7.19 (e) If the service pension is an eligible rollover distribution as defined in section 356.635,
7.20 subdivisions 4 and 5, the relief association must permit the alternate payee to elect a direct
7.21 rollover, as provided under section 356.635, subdivisions 3 to 7.

7.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

7.23 Sec. 8. Minnesota Statutes 2021 Supplement, section 424A.091, subdivision 3, is amended
7.24 to read:

7.25 Subd. 3. **Remedy for noncompliance; determination.** (a) A municipality in which
7.26 there exists a firefighters relief association as specified in subdivision 1 which does not
7.27 comply with the applicable provisions of sections 424A.091 to 424A.096 or the provisions
7.28 of any applicable special law relating to the funding or financing of the association does
7.29 not qualify initially to receive, and is not entitled subsequently to retain, fire state aid under
7.30 chapter 477B until the reason for the disqualification specified by the state auditor is
7.31 remedied, whereupon the municipality or relief association, if otherwise qualified, is entitled
7.32 to again receive fire state aid for the year occurring immediately subsequent to the year in
7.33 which the disqualification is remedied.

8.1 (b) The state auditor shall determine if a municipality to which a firefighters' relief
8.2 association is directly associated or a firefighters relief association fails to comply with the
8.3 provisions of sections 424A.091 to 424A.096 or the funding or financing provisions of any
8.4 applicable special law based upon the information contained in the annual financial report
8.5 of the firefighters relief association required under section 424A.014, the actuarial valuation
8.6 of the relief association, if applicable, the relief association officers' financial requirements
8.7 of the relief association and minimum municipal obligation determination documentation
8.8 under section 424A.092, subdivisions 3 and 4; 424A.093, subdivisions 4 and 5; or 424A.094,
8.9 subdivision 2, if requested to be filed by the state auditor, the applicable municipal or
8.10 independent nonprofit firefighting corporation budget, if requested to be filed by the state
8.11 auditor, and any other relevant documents or reports obtained by the state auditor.

8.12 (c) The municipality or independent nonprofit firefighting corporation and the associated
8.13 relief association are not eligible to receive or to retain fire state aid if:

8.14 (1) the relief association fails to prepare or to file the financial report or financial
8.15 statement under section 424A.014;

8.16 (2) the relief association treasurer is not bonded in the manner and in the amount required
8.17 by section 424A.014, subdivision 4;

8.18 (3) the relief association officers fail to determine or improperly determine the accrued
8.19 liability and the annual accruing liability of the relief association under section 424A.092,
8.20 subdivisions 2, 2a, and 3, paragraph (c), clause (2), if applicable;

8.21 (4) if applicable, the relief association officers fail to obtain and file a required actuarial
8.22 valuation or the officers file an actuarial valuation that does not contain the special fund
8.23 actuarial liability calculated under the entry age normal actuarial cost method, the special
8.24 fund current assets, the special fund unfunded actuarial accrued liability, the special fund
8.25 normal cost under the entry age normal actuarial cost method, the amortization requirement
8.26 for the special fund unfunded actuarial accrued liability by the applicable target date, a
8.27 summary of the applicable benefit plan, a summary of the membership of the relief
8.28 association, a summary of the actuarial assumptions used in preparing the valuation, and a
8.29 signed statement by the actuary attesting to its results and certifying to the qualifications of
8.30 the actuary as an approved actuary under section 356.215, subdivision 1, paragraph (c);

8.31 (5) the municipality failed to provide a municipal contribution, or the independent
8.32 nonprofit firefighting corporation failed to provide a corporate contribution, in the amount
8.33 equal to the minimum municipal obligation if the relief association is governed under section
8.34 424A.092, or the amount necessary, when added to the fire state aid actually received in

9.1 the plan year in question, to at least equal in total the calculated annual financial requirements
 9.2 of the special fund of the relief association if the relief association is governed under section
 9.3 424A.093, and, if the municipal or corporate contribution is deficient, the municipality
 9.4 failed to include the minimum municipal obligation certified under section 424A.092,
 9.5 subdivision 3, or 424A.093, subdivision 5, in its budget and tax levy or the independent
 9.6 nonprofit firefighting corporation failed to include the minimum corporate obligation certified
 9.7 under section 424A.094, subdivision 2, in the corporate budget;

9.8 (6) the defined benefit relief association did not receive municipal ratification for the
 9.9 most recent plan amendment when municipal ratification was required under section 424A.02,
 9.10 subdivision 10; 424A.092, subdivision 6; or 424A.093, subdivision 6;

9.11 (7) the relief association invested special fund assets in an investment security that is
 9.12 not authorized under section 424A.095;

9.13 (8) the relief association had an administrative expense that is not authorized under
 9.14 section 424A.05, subdivision 3 or 3b, or the municipality had an expenditure that is not
 9.15 authorized under section 424A.08;

9.16 (9) the relief association officers fail to provide a complete and accurate public pension
 9.17 plan investment portfolio and performance disclosure under section 356.219;

9.18 (10) the relief association fails to obtain the acknowledgment from a broker of the
 9.19 statement of investment restrictions under section 356A.06, subdivision 8b;

9.20 (11) the relief association officers permitted to occur a prohibited transaction under
 9.21 section 356A.06, subdivision 9, or 424A.04, subdivision 2a, or failed to undertake correction
 9.22 of a prohibited transaction that did occur; or

9.23 (12) the relief association pays a defined benefit service pension in an amount that is in
 9.24 excess of the applicable maximum service pension ~~maximum~~ amount under section 424A.02,
 9.25 ~~subdivision 2b or 2e~~ subdivision 3.

9.26 **EFFECTIVE DATE.** This section is effective January 1, 2023.

9.27 Sec. 9. Minnesota Statutes 2021 Supplement, section 424A.093, subdivision 1, is amended
 9.28 to read:

9.29 Subdivision 1. **Application.** (a) This section applies to any firefighters relief association
 9.30 specified in section 424A.091, subdivision 1, which pays or allows for an option of a monthly
 9.31 service pension to a retiring firefighter when at least the minimum requirements for
 9.32 entitlement to a service pension specified in section 424A.02, any applicable special

10.1 legislation, and the articles of incorporation or bylaws of the relief association have been
 10.2 met. Each firefighters relief association to which this section applies shall determine the
 10.3 actuarial condition and funding costs of the special fund of the relief association in accordance
 10.4 with subdivisions 2 and 3, the financial requirements of the special fund of the relief
 10.5 association in accordance with subdivision 4, and the minimum obligation of the municipality
 10.6 with respect to the special fund of the relief association in accordance with subdivision 5.

10.7 (b) If a firefighters relief association that previously provided a monthly benefit service
 10.8 pension discontinues that practice and either replaces the monthly benefit amount with a
 10.9 ~~lump-sum~~ lump-sum benefit amount consistent with section 424A.02, ~~subdivision 2e~~
 10.10 subdivision 3, paragraph (a), clause (2), or purchases an annuity in the same amount as the
 10.11 monthly benefit from an insurance company licensed to do business in this state, the actuarial
 10.12 condition and funding costs, financial, and minimum municipal obligation requirements of
 10.13 section 424A.092 apply rather than this section.

10.14 **EFFECTIVE DATE.** This section is effective January 1, 2023.

10.15 Sec. 10. Minnesota Statutes 2021 Supplement, section 424A.10, subdivision 2, is amended
 10.16 to read:

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

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

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

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

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

11.9 (e) If a qualified recipient receives more than one lump-sum distribution, the qualified
11.10 recipient is eligible to receive a supplemental benefit or supplemental survivor benefit,
11.11 whichever is applicable, with each lump-sum distribution. Each supplemental benefit shall
11.12 be calculated pursuant to paragraph (a) or (b), as applicable, and shall be subject to a separate
11.13 limit.

11.14 (f) Qualified recipients who elect to receive their lump-sum distribution in installments
11.15 under section 424A.016, subdivision 5, or 424A.02, subdivision 8, are eligible to receive
11.16 one supplemental benefit calculated on the total lump-sum distribution amount under
11.17 paragraph (a) or (b), as applicable.

11.18 **EFFECTIVE DATE.** This section is effective retroactively for supplemental benefits
11.19 paid in 2018 and thereafter.

11.20 Sec. 11. Minnesota Statutes 2021 Supplement, section 424B.10, subdivision 1b, is amended
11.21 to read:

11.22 Subd. 1b. **Benefits.** (a) The successor relief association following the consolidation of
11.23 two or more defined benefit relief associations must be a defined benefit relief association.

11.24 (b) Notwithstanding any provision of section 424A.02, ~~subdivisions 2a to 3~~ subdivision
11.25 3, to the contrary, the initial service pension amount of the subsequent defined benefit relief
11.26 association as of the effective date of consolidation is either the service pension amount
11.27 specified in clause (1) or the service pension amounts specified in clause (2), as provided
11.28 for in the consolidated relief association's articles of incorporation or bylaws:

11.29 (1) the highest dollar amount service pension amount of any prior volunteer firefighters
11.30 relief association in effect immediately before the consolidation initiation if the pension
11.31 amount was implemented consistent with section 424A.02; or

12.1 (2) for service rendered by each individual volunteer firefighter before consolidation,
 12.2 the service pension amount under the consolidating volunteer firefighters relief association
 12.3 that the firefighter belonged to immediately before the consolidation if the pension amount
 12.4 was implemented consistent with section 424A.02 and for service rendered after the effective
 12.5 date of the consolidation, the highest dollar amount service pension of any of the
 12.6 consolidating volunteer firefighters relief associations in effect immediately before the
 12.7 consolidation if the pension amount was implemented consistent with section 424A.02.

12.8 (c) Any increase in the service pension amount beyond the amount implemented under
 12.9 paragraph (a) must conform with the requirements and limitations of section 424A.02 and
 12.10 sections 424A.091 to 424A.095.

12.11 **EFFECTIVE DATE.** This section is effective January 1, 2023.

12.12 Sec. 12. Minnesota Statutes 2021 Supplement, section 424B.13, subdivision 4, is amended
 12.13 to read:

12.14 Subd. 4. **Benefit increase.** (a) If the relief association has a surplus as of the end of the
 12.15 relief association's most recent fiscal year before the conversion effective date, the board
 12.16 of trustees may approve a resolution that increases the lump-sum benefit or monthly pension
 12.17 amount or both the lump-sum and monthly pension amount, if the relief association offers
 12.18 both, and amends the relief association bylaws without the consent of the affiliated
 12.19 municipality or firefighting corporation, notwithstanding section 424A.02, subdivision 10.
 12.20 The resulting lump-sum benefit or monthly pension amount is not limited to the maximum
 12.21 lump-sum benefit service pension amount or maximum monthly service pension amounts
 12.22 amount under section 424A.02, ~~subdivisions 2a to 3~~ subdivision 3.

12.23 (b) The benefit increase must not cause the liabilities of the retirement plan to exceed
 12.24 the value of the assets, after taking into account full vesting as required under subdivision
 12.25 2 and any administrative expenses arising from the conversion.

12.26 (c) The board of trustees shall specify whether the benefit increase will apply only to
 12.27 participants who are members active as of the conversion effective date or whether the
 12.28 benefit increase will apply to all participants, including members who are not active as of
 12.29 the conversion effective date, notwithstanding section 424A.015, subdivision 6.

12.30 (d) The board of trustees' resolution approving an increase in the benefit level must be
 12.31 considered conditional on there being sufficient assets to fund the increase and must state
 12.32 that if, as of the date benefits are transferred to the defined contribution plan, there are not
 12.33 sufficient assets to cover all benefit liabilities at the new higher benefit level, the benefit

13.1 level will be reduced until assets equal or are greater than liabilities. The resolution must
 13.2 state that the new lower benefit level will be considered approved by the board of trustees
 13.3 without further action by the board.

13.4 **EFFECTIVE DATE.** This section is effective January 1, 2023.

13.5 Sec. 13. Minnesota Statutes 2021 Supplement, section 424B.22, subdivision 4, is amended
 13.6 to read:

13.7 Subd. 4. **Benefit increase.** (a) Notwithstanding section 424A.02, subdivision 10, the
 13.8 board of trustees of a relief association may increase the benefit amount under a defined
 13.9 benefit relief association without the consent of the affiliated municipality or independent
 13.10 nonprofit firefighting corporation, as provided in this subdivision.

13.11 (b) If the retirement plan being terminated is a defined benefit plan, the board of trustees
 13.12 may approve an amendment to the bylaws of the relief association to increase the lump-sum
 13.13 or monthly pension amount or both the ~~lump~~ lump-sum and monthly pension amount, if
 13.14 the relief association offers both, up to 125 percent of the ~~largest~~ maximum lump-sum
 13.15 service pension amount under section 424A.02, subdivision 3, paragraph (a), clause (2), or
 13.16 the maximum monthly service pension amount ~~payable per month in effect~~ under section
 13.17 424A.02, ~~subdivision 2b or 2c, respectively, without regard to the relief association's~~
 13.18 ~~minimum average amount of available financing per firefighter~~ subdivision 3, paragraph
 13.19 (a), clause (1). The amount by which the lump-sum or monthly pension amount is increased
 13.20 must not cause the liabilities of the retirement plan to exceed the value of the assets, after
 13.21 taking into account full vesting as required under subdivision 3 and any administrative
 13.22 expenses.

13.23 (c) The board of trustees shall specify whether the benefit increase will apply to only
 13.24 participants who are members active as of the date of the termination of the retirement plan
 13.25 or whether the benefit increase will apply to all participants, including members who are
 13.26 not active as of the plan termination date.

13.27 **EFFECTIVE DATE.** This section is effective January 1, 2023.

13.28 Sec. 14. **REPEALER.**

13.29 Minnesota Statutes 2021 Supplement, section 424A.02, subdivisions 2a, 2b, and 2c, are
 13.30 repealed.

13.31 **EFFECTIVE DATE.** This section is effective January 1, 2023.

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

Subd. 2a. **Average amount of available financing.** (a) Annually on or before August 1 as part of the certification of the financial requirements and minimum municipal obligation determined under section 424A.092, subdivision 4, or 424A.093, subdivision 5, as applicable, the secretary or some other official of the relief association designated in the bylaws of each defined benefit relief association shall calculate and certify to the governing body of the applicable municipality the average amount of available financing per active covered firefighter for the most recent three-year period.

The amount of available financing includes any amounts of fire state aid and police and firefighter retirement supplemental state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated under section 424A.092, subdivision 2; 424A.093, subdivisions 2 and 4; or 424A.094, subdivision 2, if any.

(b) The maximum service pension which the defined benefit relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in subdivision 2b or 2c, whichever applies.

Subd. 2b. **Maximum monthly amount.** For a defined benefit relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$...	\$.25
41	.50
81	1.00
122	1.50
162	2.00
203	2.50
243	3.00
284	3.50
324	4.00
365	4.50
405	5.00
486	6.00
567	7.00
648	8.00
729	9.00
810	10.00
891	11.00
972	12.00
1053	13.00
1134	14.00

APPENDIX
Repealed Minnesota Statutes: 22-06444

1215	15.00
1296	16.00
1377	17.00
1458	18.00
1539	19.00
1620	20.00
1701	21.00
1782	22.00
1823	22.50
1863	23.00
1944	24.00
2025	25.00
2106	26.00
2187	27.00
2268	28.00
2349	29.00
2430	30.00
2511	31.00
2592	32.00
2673	33.00
2754	34.00
2834	35.00
2916	36.00
2997	37.00
3078	38.00
3159	39.00
3240	40.00
3321	41.00
3402	42.00
3483	43.00
3564	44.00
3645	45.00
3726	46.00
3807	47.00
3888	48.00
3969	49.00
4050	50.00
4131	51.00
4212	52.00

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4293	53.00
4374	54.00
4455	55.00
4536	56.00
4617	57.00
4698	58.00
4779	59.00
4860	60.00
4941	61.00
5022	62.00
5103	63.00
5184	64.00
5265	65.00
5346	66.00
5427	67.00
5508	68.00
5589	69.00
5670	70.00
5751	71.00
5832	72.00
5913	73.00
5994	74.00
6075	75.00
6156	76.00
6237	77.00
6318	78.00
6399	79.00
6480	80.00
6561	81.00
6642	82.00
6723	83.00
6804	84.00
6885	85.00
6966	86.00
7047	87.00
7128	88.00
7209	89.00
7290	90.00
7371	91.00

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7452	92.00
7533	93.00
7614	94.00
7695	95.00
7776	96.00
7857	97.00
7938	98.00
8019	99.00
8100	100.00
any amount in excess of	
8100	100.00

Subd. 2c. **Maximum lump-sum amount.** For a defined benefit relief association in which the governing bylaws provide for a lump-sum service pension to a retiring member, the maximum lump-sum service pension amount for each year of service credited that may be provided for in the bylaws is the greater of the service pension amount provided for in the bylaws on the date of the calculation of the average amount of the available financing per active covered firefighter or the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump-Sum Service Pension Amount Payable for Each Year of Service
\$...	\$ 10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520

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302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700
972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750

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2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500
3021	5600
3075	5700
3129	5800
3183	5900
3237	6000
3291	6100
3345	6200
3399	6300
3453	6400
3507	6500
3561	6600
3615	6700
3669	6800
3723	6900
3777	7000
3831	7100
3885	7200
3939	7300
3993	7400
4047	7500
4101	7600

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4155	7700
4209	7800
4263	7900
4317	8000
4371	8100
4425	8200
4479	8300
4533	8400
4587	8500
4641	8600
4695	8700
4749	8800
4803	8900
4857	9000
4911	9100
4965	9200
5019	9300
5073	9400
5127	9500
5181	9600
5235	9700
5289	9800
5343	9900
5397	10,000
5451	10,100
5505	10,200
5559	10,300
5613	10,400
5667	10,500
5721	10,600
5775	10,700
5829	10,800
5883	10,900
5937	11,000
5991	11,100
6045	11,200
6099	11,300
6153	11,400
6207	11,500

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6261	11,600
6315	11,700
6369	11,800
6423	11,900
6477	12,000
6531	12,100
6585	12,200
6639	12,300
6693	12,400
6747	12,500
6801	12,600
6855	12,700
6909	12,800
6963	12,900
7017	13,000
7071	13,100
7125	13,200
7179	13,300
7233	13,400
7287	13,500
7341	13,600
7395	13,700
7449	13,800
7503	13,900
7557	14,000
7611	14,100
7665	14,200
7719	14,300
7773	14,400
7827	14,500
7881	14,600
7935	14,700
7989	14,800
8043	14,900
8097	15,000
any amount in excess of	
8097	15,000