353G.08 PLAN FUNDING; DISBURSEMENTS.

Subdivision 1. **Biennial funding reports; lump-sum division.** (a) The executive director must determine the funding requirements for each fire department account in the lump-sum division on or before August 1 every other year. The funding requirements computed under this subdivision must be determined using a mathematical procedure developed and certified as accurate by the approved actuary retained by the association and must be based on present value factors using a six percent investment return rate, without any decrement assumptions. The executive director must provide written notice of the funding requirements to the entity or entities associated with the fire department whose active firefighters are covered by the plan.

(b) The overall funding balance of each fire department account for the current calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the fire department as of December 31 of the current year must be calculated based on the service credit of active and deferred members as of that date.

(2) The assets of the fire department account projected to December 31 of the current year, including receipts by and disbursements from the account anticipated to occur on or before December 31, must be calculated. The executive director must begin phasing in the use of actuarial value of assets in making this calculation beginning with the funding reports for 2026.

(3) The amount of the assets calculated under clause (2) must be subtracted from the amount of the total accrued liability calculated under clause (1). If the amount of the assets exceeds the amount of the total accrued liability, then the account is considered to have a surplus over full funding. If the amount of the assets is less than the amount of the total accrued liability, then the account is considered to have a deficit from full funding. If the amount of assets is equal to the amount of the total accrued liability, then the account is considered to be fully funded.

(c) The financial requirements of each fire department for the following calendar year must be determined in the following manner:

(1) The total accrued liability for all active and deferred members of the fire department as of December 31 of the calendar year next following the current calendar year must be calculated based on the service used in the calculation under paragraph (b), clause (1), increased by one year.

(2) The increase in the total accrued liability of the account for the following calendar year over the total accrued liability of the account for the current year must be calculated.

(3) The amount of administrative expenses of the account must be calculated by multiplying the per-person dollar amount of the administrative expenses for the most recent prior calendar year by the number of active and deferred firefighters reported to the association on the most recent service credit certification form for the account.

(4) If the account is fully funded, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3).

(5) If the account has a deficit from full funding, the financial requirement of the account for the following calendar year is the total of the amounts calculated under clauses (2) and (3) plus an amount equal to one-tenth of the amount of the deficit from full funding of the account.

(6) If the account has a surplus over full funding, the financial requirement of the account for the following calendar year is the financial requirement of the account calculated as though the account was fully funded under clause (4) and, if the account has also had a surplus over full funding during the prior two years, additionally reduced by an amount equal to one-tenth of the amount of the surplus over full funding of the account.

(d) The required contribution of the entity or entities associated with the fire department whose active firefighters are covered by the lump-sum division is the annual financial requirements of the fire department account under paragraph (c) reduced by the amount of any fire state aid payable under chapter 477B or police and firefighter retirement supplemental state aid payable under section 423A.022 that is reasonably anticipated to be received by the retirement plan attributable to the entity or entities during the following calendar year, and an amount of investment earnings on the assets projected to be received during the following calendar year calculated at the rate of six percent per annum. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid received in the prior year multiplied by the factor 1.035.

(e) The financial requirement for each fire department account in the lump-sum division for the second year of the biennial valuation period must be in the amount determined in paragraph (d) increased by six percent, but no more than the excess, if any, of the amount determined under paragraph (c), clause (1), less the actual market value of assets in the fire department account as of that date.

(f) The required contribution calculated in paragraph (d) must be paid to the retirement plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 1a. **Annual funding requirements; monthly division.** (a) Annually, the executive director shall determine the funding requirements of each monthly benefit account in the statewide volunteer firefighter plan on or before August 1.

(b) The executive director must determine the funding requirements of a monthly benefit account under this subdivision from:

(1) the most recent actuarial valuation normal cost, administrative expense, including the cost of a regular actuarial valuation, and amortization results for the account determined by the approved actuary retained by the retirement association under sections 356.215 and 356.216; and

(2) the standards for actuarial work, utilizing a six percent investment return actuarial assumption and other actuarial assumptions approved under section 356.215, subdivision 18:

(i) with that portion of any unfunded actuarial accrued liability attributable to a benefit increase to be amortized over a period of 20 years from the date of the benefit change;

(ii) with that portion of any unfunded actuarial accrued liability attributable to an assumption change or an actuarial method change to be amortized over a period of 20 years from the date of the assumption or method change;

(iii) with that portion of any unfunded actuarial accrued liability attributable to an investment loss to be amortized over a period of ten years from the date of investment loss; and

(iv) with the balance of any net unfunded actuarial accrued liability to be amortized over a period of five years from the date of the actuarial valuation.

(c) The required contributions of the entity or entities associated with the fire department whose active firefighters are covered by the monthly division are the annual financial requirements of the monthly benefit account of the plan under paragraph (b) reduced by the amount of any fire state aid payable under chapter 477B, or any police and firefighter retirement supplemental state aid payable under section 423A.022, that is reasonably anticipated to be received by the plan attributable to the entity or entities during the following calendar year. The required contribution must be allocated between the entities if more than one entity is involved. A reasonable amount of anticipated fire state aid is an amount that does not exceed the fire state aid actually received in the prior year multiplied by the factor 1.035.

(d) The required contribution calculated in paragraph (c) must be paid to the plan on or before December 31 of the year for which it was calculated. If the contribution is not received by the plan by December 31, it is payable with interest at an annual compound rate of six percent from the date due until the date payment is received by the plan. If the entity does not pay the full amount of the required contribution, the executive director shall collect the unpaid amount under section 353.28, subdivision 6.

Subd. 2. **Cash flow funding requirement.** If the executive director determines that a fire department account in the lump-sum division or the monthly division has insufficient assets to meet the service pensions expected to be payable from the account over the succeeding two years, the executive director shall certify the amount of the potential service pension shortfall to the participating employer, which must make an additional employer contribution to the account within ten days of the certification. If more than one participating employer is associated with the account, unless the participating employers agree to and implement a different allocation, the participating employers must allocate the additional employer contribution one-half in proportion to the population of each participating employer and one-half in proportion to the estimated market value of the property of each participating employer.

Subd. 2a. **Additional municipal contributions authorized.** (a) At the discretion of the municipality or the firefighting corporation associated with a fire department covered by a statewide volunteer firefighter plan account, the municipality or the corporation may make additional contributions to the applicable account.

(b) The executive director of the association may specify requirements as to the form, timing, and accompanying information for contributions made under this subdivision.

(c) Any contributions made under this subdivision must be included as total present assets of the account for the calculation of any subsequent annual funding requirements for the account under subdivision 1 or 1a or for the calculation of any cash flow funding requirement under subdivision 2.

Subd. 3. MS 2023 Supp [Repealed, 2024 c 102 art 3 s 46]

[See Note.]

History: *2009 c 169 art 9 s 17; 2010 c 359 art 6 s 4; 2012 c 286 art 12 s 8; 2013 c 143 art 14 s 43; 2015 c 68 art 8 s 17; art 12 s 34; 2018 c 211 art 16 s 8; 1Sp2019 c 6 art 22 s 6,7; 1Sp2019 c 8 art 8 s 23; 2020 c 83 art 1 s 83; 2020 c 108 art 7 s 9; 2022 c 55 art 1 s 154; 2022 c 65 art 4 s 25; 2023 c 47 art 10 s 9; 2024 c 102 art 3 s 29,30,45*

NOTE: The repeal of subdivision 3 is effective January 1, 2025. The text may be viewed at MS 2023 in the statutes archives.