

Minnesota Volunteer Fire Relief Association

Working Group Meeting

Office of the State Auditor
Tuesday, November 26, 2019
11 a.m. to 1 p.m.

I. Call to Order

Chair Auditor Blaha.

II. Review and Approval of Working Group Meeting Minutes

Exhibit A. Draft November 8, 2019 Meeting Minutes

III. Discussion of Vesting Requirements

Exhibit B.

IV. Review of Firefighter and Combination Fire Department Definitions

Exhibits C and D.

- Volunteer Firefighter Definition (C)
- Combination Fire Department Definition (D)

V. Discussion of Interest or Additional Investment Income for Deferred Members

Exhibits E and F.

- Defined Contribution Plans (E)
- Defined Benefit Plans (F)

VI. Other Business

VII. Next Meeting

Tuesday, December 17, 2019
11 a.m. to 1 p.m.
Retirement Systems Building

VIII. Adjournment

Volunteer Fire Relief Association Working Group

Office of the State Auditor

Friday, November 8, 2019

11 a.m. to 1 p.m.

Members Present

Julie Blaha, State Auditor

Eric Bullen, Minnesota State Fire Chiefs Association Representative (defined benefit lump sum plans)

Bruce Hemstad, Bemidji Fire Relief Association Secretary (defined benefit lump sum plans)

Sue Iverson, City of Lake Elmo Finance Director

Aaron Johnston, Coon Rapids Fire Relief Association Treasurer (defined contribution plans)

Michael Kruse, Falcon Heights Fire Relief Association Treasurer (defined contribution plans)

Kevin Wall, Lower Saint Croix Valley Fire Relief Association President (defined benefit lump sum plans)

Thomas Wilson, Eden Prairie Fire Relief Association Trustee (defined benefit monthly/lump sum plans)

Members Excused

Steve Donney, City of Harmony Mayor

Dave Jaeger, Mahnomon Fire Relief Association Treasurer (defined benefit lump sum plans)

Ron Johnson, Minnesota State Fire Department Association Representative (defined contribution plans)

Office of the State Auditor and Legislative Support Present

Ramona Advani, Deputy State Auditor and General Counsel

Chad Burkitt, Legislative Commission on Pension and Retirement Analyst

Rose Hennessy Allen, Office of the State Auditor Pension Director

Susan Lenczewski, Legislative Commission on Pension and Retirement Executive Director

Others Present

Jeff Anderson, City of Oakdale Fire Chief

Anne Finn, League of Minnesota Cities Representative

Todd Greseth, Wanamingo Fire Relief Association Representative

Laurie Hokkanen, City of Plymouth Administrative Services Director

Angie Huss, Lockridge Grindal Nauen Representative

Dean Knowles, Fridley Fire Relief Association Representative

Emily Knutson, Van Iwaarden Associates Representative

Jim McCoy, City of Austin Fire Chief

Donald McFarland, Office of the State Auditor Communications and Legislative Affairs Director

Molly Resch, Office of the State Auditor Pension Analyst

Brian Rice, Rice Michels & Walther Representative

Mike Scott, City of Eagan Fire Chief

Jeff Skime, Public

Amy Strenge, Public Employees Retirement Association Representative

Mike Stroeing, Public

Kristie Strum, Minnesota Department of Revenue Representative

Nyle Zikmund, City of Mounds View Administrator

The following motions were duly made and approved:

RESOLVED to approve the October 22, 2019, meeting minutes; and

RESOLVED to adopt language allowing a supplemental benefit payment with each lump-sum distribution, with each supplemental benefit payment subject to the current maximum of ten-percent of the benefit amount up to \$1,000.

I. Call to Order

Auditor Blaha called the meeting to order. There were no objections to the agenda.

II. Review and Approval of Working Group Meeting Minutes

The members reviewed the October 22, 2019, meeting minutes that had been provided in advance. There were no objections to the minutes.

III. Review of Draft Language for Supplemental Benefits for Firefighters Receiving Multiple Distributions

Auditor Blaha shared that at the last meeting, the Group voted to move forward with the concept that firefighters who receive multiple distributions from the same entity be paid a supplemental benefit with each distribution, subject to a cumulative maximum of \$1,000 on the total of supplemental benefits paid. Auditor Blaha explained that the cumulative maximum does not work for supplemental benefit payments from the Statewide Plan administered by the Public Employees Retirement Association (PERA). Streng with PERA said that the cumulative maximum could not be administered by PERA as PERA does not have historical firefighter payment data. Language therefore was drafted that allows a supplemental benefit payment with each lump-sum distribution, and sets the maximum for each payment at ten percent of the benefit amount, up to \$1,000. Hemstad made a motion to adopt the draft language. The motion was adopted unanimously.

IV. Overview of Fire State Aid Program

Strum provided an overview of the fire state aid program, provided recent fire state aid totals, explained how the program is funded, explained the minimum aid component of the program, and illustrated how the aid amounts are allocated. The Group discussed how the population amounts used in the aid allocations are from the decennial census, and that some shifts may be seen after the 2020 census population data is available. Working Group members expressed an interest in seeing a change so that population data is based on annual State Demographer data, rather than the decennial census data.

V. Overview of Supplemental State Aid Program

Strum provided an overview of the supplemental state aid program, provided recent supplemental state aid totals, explained how the program is funded, and how the aid amounts are allocated. Strum also provided information on how the aid is distributed, as the majority is distributed directly by the State to PERA for the Police and Fire Plan. Greseth shared with the Working Group members his view that supplemental state aid

should be allocated on a pro-rata basis, so each relief association receives the same amount per firefighter.

VI. Overview of Fire State Aid Work Group Draft Legislation (Informational)

Burkitt shared that the draft legislation attempts to reflect the recommendations of the Fire State Aid Work Group that was created by the 2018 Omnibus Retirement Bill. Burkitt walked through each section of the bill. Bullen identified that the bill requires mutual agreement to terminate the aid allocation agreement. He asked if it is possible for just one of the entities to initiate a termination of the agreement. Burkitt said that termination terms could be included in the local agreement. Wall requested guidance or resources for local communities that elect to draft aid allocation agreements.

VII. Discussion of Interest or Additional Investment Income for Deferred Members

Auditor Blaha reminded the Group that there was agreement at the last meeting that defined contribution plans be required to allocate investment gains and losses to deferred members. The question before the Group is whether a change should be recommended for the defined benefit plans and, if the Working Group feels that no change should be made, how that position should be articulated to the Pension Commission. The Working Group members did not feel that the authority to pay interest to defined benefit plan deferred members should be removed. The members discussed reasons why no change should be made, and will continue to think about how to articulate the Working Group's position.

VIII. Other Business

There was no other business.

IX. Next Meeting

Tuesday, November 26, 2019

11 a.m. to 1 p.m.

Retirement Systems Building

X. Adjournment

The meeting was adjourned shortly before 1:00.

Exhibit B Vesting Requirements

Topic:

During the 2019 Legislative Session, questions were raised by members of the Legislative Commission on Pensions and Retirement (LCPR) about relief association vesting requirements. LCPR members questioned whether the vesting requirements may be considered too long. Also, with most relief associations having surpluses, forfeitures when members separate before becoming fully vested add to these surplus amounts.

Beginning on January 1, 2020, both defined benefit and defined contribution relief associations have authority to offer full vesting after ten completed years of service. Members must serve for at least five years to be partially vested, and a relief association cannot require more than 20 years of service for full vesting.

Plan Type	5-Year Partial	10-Year Partial		10-Year Full	20-Year Full
Defined Benefit	18%	78%		NA*	100%
Defined Contribution	31%	62%		21%	78%

* Data for the 2017 calendar year. Two defined-benefit plans had special legislation allowing for ten-year full vesting prior to the January 1, 2020, effective date of the general legislation.

Currently, none of the defined contribution plans have 20-year cliff vesting (meaning that members receive nothing unless they serve for 20 years), and only 8 of the defined benefit plans have 20-year cliff vesting.

Considerations:

1. Is the five-year requirement for partial vesting too long?
2. Is the ten-year requirement for full vesting too long?
3. Should relief associations continue to have the option to require up to 20 years for full vesting?
4. Any other?

Volunteer firefighter definitions

Currently, volunteer firefighter is defined in the following statutory chapters:

- 299N – Firefighter training and education
- 353 – PERA General
- 353G – Statewide volunteer firefighter retirement plan
- 424A – Local volunteer firefighter relief associations

These definitions do not vary by much, but those differences may be important to their usage in each chapter. Some statutes not in these chapters specifically reference the definition in either 299N or 424A.

Undefined usage

Below is a categorization of sections that use the term “volunteer firefighter” without referencing a specific definition or volunteer firefighter or referencing a specific plan (and therefore, the plan’s definition):

Employment law

- 43A.32 – Volunteer firefighter agreements with state government employers
- 181.10 – General employment law payment of wages
- 268.047 and 268.085 – Unemployment insurance
- 412.15 – Statutory city housing aid authorization
- 420.20 – Prohibition of minors acting as firefighters (headnote only)
- 471.61 – Municipal law group benefits

Membership on boards

- 144E.01 – Emergency medical services regulatory board
- 299K.03 – Emergency response commission

Miscellaneous

- 169.58 – Emergency vehicle lights
- 465.90 – “Fill the boot” authorization
- 604A.01 – Good Samaritan law

Chapter 69

Of the chapters without a definition of volunteer firefighter, chapter 69 uses the term the most and in a variety of ways. In section 69.022, it specifically cross-references the definition in 299N. In other places, including 69.021, the reference to volunteer firefighter is derived from membership under sections 353G or 424A.

299N.03 DEFINITIONS.

Subdivision 1. **Scope.** The terms used in sections 299N.04 and 299N.05 have the meanings given them in this section.

Subd. 2. **Board.** "Board" means the Board of Firefighter Training and Education established under section 299N.02.

Subd. 3. **Chief firefighting officer.** "Chief firefighting officer" means the highest ranking employee or appointed official of a fire department, or the highest ranking employee or appointed official's designee for the purposes of this chapter.

Subd. 4. **Fire department.** "Fire department" has the meaning given it in section 299F.092, subdivision 6. For purposes of sections 299N.04 and 299N.05, fire department also includes a division of a state agency, regularly charged with the responsibility of providing fire protection to the state or a local government, to include a private, nonprofit fire department directly serving a local government, but does not include an industrial fire brigade.

Subd. 5. **Full-time firefighter.** A "full-time firefighter" means a person who is employed and charged with the prevention and suppression of fires within the boundaries of the state on a full-time, salaried basis and who is directly engaged in the hazards of firefighting or is in charge of a designated fire company or companies that are directly engaged in the hazards of firefighting. Full-time firefighter does not include a volunteer, part-time, or paid-on-call firefighter.

Subd. 6. **Licensed firefighter.** "Licensed firefighter" means a full-time firefighter, to include a fire department employee, member, supervisor, or appointed official, who is licensed by the board and charged with the prevention or suppression of fires within the boundaries of the state. Licensed firefighter may also include a volunteer firefighter.

Subd. 7. **Volunteer firefighter.** A "volunteer firefighter" means a person who is charged with the prevention or suppression of fires within the boundaries of the state on a volunteer, part-time, or paid-on-call basis. Volunteer firefighter does not include a full-time firefighter.

History: 2009 c 153 s 2; 2010 c 229 s 1; 2015 c 65 art 4 s 4-7

Insurance Act applicable to the member if the membership eligibility criteria are met under this chapter. A coordinated member also is a former basic member who has a complete and continuous separation for at least 30 days from employment as a public employee meeting the requirements specified in subdivision 28, paragraph (a), and who reenters public service as a public employee and meets the membership eligibility criteria under this chapter.

Subd. 33. **Basic member.** "Basic member" means a public employee, including a public hospital employee, who is not covered by any agreement or modification made between the state and the Secretary of Health and Human Services.

Subd. 34. [Repealed, 1982 c 404 s 10]

Subd. 35. **Volunteer ambulance service personnel.** "Volunteer ambulance service personnel," for purposes of this chapter, are basic and advanced life-support emergency medical service personnel employed by or providing services for any public ambulance service or privately operated ambulance service that receives an operating subsidy from a governmental entity.

Subd. 36. **Volunteer firefighter.** For purposes of this chapter, a person is considered a "volunteer firefighter" for all service for which the person receives credit in an association or fund operating under chapter 424A or credit in the retirement plan established under chapter 353G.

Subd. 37. **Normal retirement age.** (a) "Normal retirement age" means age 65 for a person who first became a public employee or a member of a pension fund listed in section 356.30, subdivision 3, clause (6), before July 1, 1989. For a person who first becomes a public employee after June 30, 1989, "normal retirement age" means the higher of age 65 or "retirement age," as defined in United States Code, title 42, section 416(1), as amended, but not to exceed age 66.

(b) "Normal retirement age" means age 55 for a person who is a member of a pension fund listed in section 356.30, subdivision 3, clauses (7) and (8).

Subd. 38. **Business year.** "Business year" means the first day of the first full pay period through the last day of the last full pay period of the 12-month fiscal year applicable to the respective governmental subdivision.

Subd. 39. [Repealed, 2002 c 392 art 3 s 9]

Subd. 40. [Repealed, 2010 c 359 art 5 s 28]

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire retirement plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of inherently dangerous duties that are specific to the positions covered by the public employees police and fire retirement plan.

Subd. 42. **Less frequent duties.** "Less frequent duties" means tasks which are designated in the applicant's job description as either required from time to time or as assigned, but which are not carried out as part of the normal routine of the applicant's job.

Subd. 43. **Line of duty death.** "Line of duty death" means:

353G.01 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of this chapter, the words or terms defined in this section have the meanings given to them unless the context of the word or term clearly indicates otherwise.

Subd. 2. **Advisory board.** "Advisory board" means the board established by section 353G.03.

Subd. 3. **Board.** "Board" means the board of trustees of the Public Employees Retirement Association operating under section 353.03.

Subd. 4. **Commissioner of management and budget.** "Commissioner of management and budget" means the state official appointed and qualified under section 16A.01.

Subd. 5. **Executive director; director.** "Executive director" or "director" means the person appointed under section 353.03, subdivision 3a.

Subd. 6. **Fund.** "Fund" means the voluntary statewide volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Subd. 7. **Good time service credit.** "Good time service credit" means the length of service credit for an active firefighter that is reported by the applicable fire chief based on the minimum firefighter activity standards of the fire department. The credit may be reported on an annual or monthly basis.

Subd. 7a. **Lump-sum account.** "Lump-sum account" means that portion of the retirement fund that contains the assets applicable to the lump-sum retirement division.

Subd. 7b. **Lump-sum retirement division.** "Lump-sum retirement division" means the division of the plan governed by section 353G.11.

Subd. 8. **Member.** "Member" means a volunteer firefighter who provides active service to a municipal fire department or an independent nonprofit firefighting corporation where the applicable municipality or corporation has elected coverage by the retirement plan under section 353G.05, and which service is covered by the retirement plan.

Subd. 8a. **Monthly benefit account.** "Monthly benefit account" means that portion of the retirement fund that contains the assets applicable to the monthly benefit retirement division.

Subd. 8b. **Monthly benefit retirement division.** "Monthly benefit retirement division" means the division of the plan governed by section 353G.113.

Subd. 9. **Municipality.** "Municipality" means a governmental entity specified in section 69.011, subdivision 1, paragraph (b), clauses (1), (2), and (5), a city or township that has entered into a contract with an independent nonprofit firefighting corporation, or a city or township that has entered into a contract with a joint powers entity established under section 471.59.

Subd. 9a. **Relief association.** "Relief association" means a volunteer firefighter relief association established under chapter 424A to which records, assets, and liabilities related to lump-sum or monthly benefits for active and former firefighters will be transferred from the retirement fund upon satisfaction of the requirements of section 353G.17.

Subd. 10. **Plan.** "Plan" means the retirement plan established by this chapter.

Subd. 10a. **Retirement benefit plan document.** "Retirement benefit plan document," for an account in the monthly benefit retirement division, means the articles of incorporation and bylaws of the prior former

volunteer firefighter relief association in effect on the day before the date on which the retirement coverage transfer under section 353G.05 occurred or as provided in the most recent modification under section 353G.121.

Subd. 11. **Retirement fund.** "Retirement fund" means the voluntary statewide volunteer firefighter retirement fund established under section 353G.02, subdivision 3.

Subd. 12. **Retirement plan.** "Retirement plan" means the retirement plan, either the lump-sum retirement division or the monthly benefit retirement division, established by this chapter.

Subd. 13. **Standards for actuarial work.** "Standards for actuarial work" means the standards adopted by the Legislative Commission on Pensions and Retirement under section 3.85, subdivision 10.

Subd. 14. **State Board of Investment.** "State Board of Investment" means the board created by article XI, section 8, of the Minnesota Constitution and governed by chapter 11A.

Subd. 15. **Volunteer firefighter.** "Volunteer firefighter" means a person who is an active member of a municipal fire department or independent nonprofit firefighting corporation and who, in that capacity, engages in fire suppression activities, provides emergency response services, or delivers fire education or prevention services on an on-call basis.

History: 2009 c 101 art 2 s 109; 2009 c 169 art 9 s 10; 2015 c 68 art 8 s 2-10; 2018 c 211 art 16 s 4,5

424A.001 DEFINITIONS.

Subdivision 1. **Terms defined.** Unless the context clearly indicates otherwise, as used in this chapter, the terms defined in this section have the meanings given.

Subd. 1a. **Ancillary benefit.** "Ancillary benefit" means a benefit payable from the special fund of the relief association other than a service pension that is permitted by law and that is provided for in the relief association bylaws.

Subd. 1b. **Defined benefit relief association.** "Defined benefit relief association" means a volunteer firefighters relief association that provides a lump-sum service pension, provides a monthly benefit service pension, or provides a lump-sum service pension as an alternative to the monthly benefit service pension.

Subd. 1c. **Defined contribution relief association.** "Defined contribution relief association" means a volunteer firefighters relief association that provides a service pension based solely on an individual account balance rather than a specified annual lump-sum or monthly benefit service pension amount.

Subd. 2. **Fire department.** "Fire department" includes a municipal fire department, an independent nonprofit firefighting corporation, and a fire department established as or operated by a joint powers entity under section 471.59.

Subd. 2a. **Municipal.** "Municipal" means of a city or township.

Subd. 3. **Municipality.** "Municipality" means a city or township which has established a fire department with which the relief association is directly associated, a city or township which has entered into a contract with the independent nonprofit firefighting corporation of which the relief association is directly associated, or a city or township that has entered into a contract with a joint powers entity established under section 471.59 of which the relief association is directly associated.

Subd. 4. **Relief association.** (a) "Relief association" or "volunteer firefighters relief association" means a volunteer firefighters relief association or a volunteer firefighters division or account of a partially salaried and partially volunteer firefighters relief association that is:

(1) organized and incorporated as a nonprofit corporation to provide retirement benefits to volunteer firefighters under chapter 317A and any laws of the state;

(2) governed by this chapter and sections 424A.091 to 424A.095; and

(3) directly associated with:

(i) a fire department established by municipal ordinance;

(ii) an independent nonprofit firefighting corporation that is organized under the provisions of chapter 317A and that operates primarily for firefighting purposes; or

(iii) a fire department operated as or by a joint powers entity that operates primarily for firefighting purposes.

(b) "Relief association" or "volunteer firefighters relief association" does not mean:

(1) the Bloomington Fire Department Relief Association governed by Laws 2013, chapter 111, article 5, sections 31 to 42; Minnesota Statutes 2000, chapter 424; and Laws 1965, chapter 446, as amended; or

(2) the voluntary statewide lump-sum volunteer firefighter retirement plan governed by chapter 353G.

(c) A relief association or volunteer firefighters relief association is a governmental entity that receives and manages public money to provide retirement benefits for individuals providing the governmental services of firefighting and emergency first response.

Subd. 5. **Special fund.** "Special fund" means the special fund of a volunteer firefighters relief association or the account for volunteer firefighters within the special fund of a partially salaried and partially volunteer firefighters relief association.

Subd. 6. [Repealed, 2010 c 359 art 13 s 13]

Subd. 7. [Repealed, 2009 c 169 art 10 s 58]

Subd. 8. **Firefighting service.** "Firefighting service," if the applicable municipality approves for a fire department that is a municipal department, or if the applicable contracting municipality or municipalities approve for a fire department that is an independent nonprofit firefighting corporation, includes fire department service rendered by fire prevention personnel.

Subd. 9. **Separate from active service.** "Separate from active service" means that a firefighter permanently ceases to perform fire suppression duties with a particular volunteer fire department, permanently ceases to perform fire prevention duties, permanently ceases to supervise fire suppression duties, and permanently ceases to supervise fire prevention duties.

Subd. 10. **Volunteer firefighter.** "Volunteer firefighter" means a person who is a member of the applicable fire department or the independent nonprofit firefighting corporation and is eligible for membership in the applicable relief association and:

(i) is engaged in providing emergency response services or delivering fire education or prevention services as a member of a fire department;

(ii) is trained in or is qualified to provide fire suppression duties or to provide fire prevention duties under subdivision 8; and

(iii) meets any other minimum firefighter and service standards established by the fire department or specified in the articles of incorporation or bylaws of the relief association.

Subd. 11. **Fiscal year.** The fiscal year for a volunteer firefighter relief association begins on January 1 of each calendar year and ends on December 31 of the same calendar year.

Subd. 12. **Membership start date.** Membership in a volunteer firefighter 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.

History: 1983 c 219 s 4; 1986 c 359 s 18,19; 1Sp1986 c 3 art 2 s 40; 1989 c 304 s 137; 1989 c 319 art 8 s 26; 1996 c 438 art 8 s 1,2; 2000 c 461 art 15 s 4; 2006 c 271 art 13 s 2,7; 2008 c 349 art 14 s 6,7; 2009 c 169 art 10 s 8-19; 2012 c 286 art 12 s 9; 2013 c 111 art 5 s 77,80; art 6 s 4; 2015 c 68 art 9 s 3; art 13 s 63; 2018 c 211 art 14 s 2-5

424A.10 STATE SUPPLEMENTAL BENEFIT; VOLUNTEER FIREFIGHTERS.

Subdivision 1. **Definitions.** For purposes of this section:

(1) "qualified recipient" means a volunteer firefighter who receives a lump-sum distribution of pension or retirement benefits from a volunteer firefighters relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan;

(2) "survivor of a deceased active or deferred volunteer firefighter" means the surviving spouse of a deceased active or deferred volunteer firefighter or, if none, the surviving child or children of a deceased active or deferred volunteer firefighter;

(3) "active volunteer firefighter" means a person who:

(i) regularly renders fire suppression service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities for a fire department;

(ii) has met the statutory and other requirements for relief association membership; and

(iii) is deemed by the relief association under law and its bylaws to be a fully qualified member of the relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan for at least one month;

(4) "deferred volunteer firefighter" means a former active volunteer firefighter who:

(i) terminated active firefighting service, the performance or supervision of authorized fire prevention duties, or the performance or supervision of authorized emergency medical response activities; and

(ii) has sufficient service credit from the applicable relief association or from the voluntary statewide lump-sum volunteer firefighter retirement plan to be entitled to a service pension under the bylaws of the relief association, but has not applied for or has not received the service pension; and

(5) "volunteer firefighter" includes an individual whose services were utilized to perform or supervise fire prevention duties if authorized under section 424A.01, subdivision 5, and individuals whose services were used to perform emergency medical response duties or supervise emergency medical response activities if authorized under section 424A.01, subdivision 5a.

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

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

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

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

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

Subd. 3. **State reimbursement.** (a) Each year, to be eligible for state reimbursement of the amount of supplemental benefits paid under subdivision 2 during the preceding calendar year, the volunteer firefighters relief association or the voluntary statewide lump-sum volunteer firefighter retirement plan shall apply to the commissioner of revenue by February 15. By March 15, the commissioner shall reimburse the relief association for the amount of the supplemental benefits paid by the relief association to qualified recipients and to survivors of deceased active or deferred volunteer firefighters.

(b) The commissioner of revenue shall prescribe the form of and supporting information that must be supplied as part of the application for state reimbursement. The commissioner of revenue shall reimburse the relief association by paying the reimbursement amount to the treasurer of the municipality where the association is located and shall reimburse the retirement plan by paying the reimbursement amount to the executive director of the Public Employees Retirement Association. Within 30 days after receipt, the municipal treasurer shall transmit the state reimbursement to the treasurer of the association if the association has filed a financial report with the municipality. If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the reimbursement payment to the association until the complete financial report is filed. If the association has dissolved or has been removed as a trustee of state aid, the treasurer shall deposit the money in a special account in the municipal treasury, and the money may be disbursed only for the purposes and in the manner provided in section 424A.08. When paid to the association, the reimbursement payment must be deposited in the special fund of the relief association and when paid to the retirement plan, the reimbursement payment must be deposited in the retirement fund of the plan.

(c) A sum sufficient to make the payments is appropriated from the general fund to the commissioner of revenue.

Subd. 4. **In lieu of income tax exclusion.** (a) The supplemental benefit provided by this section is in lieu of the state income tax exclusion for lump-sum distributions of retirement benefits paid to volunteer firefighters.

(b) If the law is modified to exclude or exempt volunteer firefighters' lump-sum distributions from state income taxation, the supplemental benefits under this section are no longer payable, beginning with the first calendar year in which the exclusion or exemption is effective. This subdivision does not apply to exemption of all or part of a lump-sum distribution under section 290.032 or 290.0802.

Subd. 5. [Repealed, 2013 c 111 art 6 s 13]

History: 1988 c 719 art 19 s 22; 1989 c 319 art 10 s 7; 1993 c 307 art 9 s 1; 2006 c 271 art 13 s 5; 2007 c 134 art 10 s 1-3; 2008 c 154 art 15 s 9; 2009 c 169 art 9 s 29-31; art 10 s 46-50; 2013 c 111 art 6 s 10,11; 2014 c 296 art 12 s 17; 2018 c 211 art 14 s 23

Chapter 3 Definitions

3.1 General. The definitions contained in this chapter shall apply to the terms used in this standard. Where terms are not defined in this chapter or within another chapter, they shall be defined using their ordinarily accepted meanings within the context in which they are used. *Merriam-Webster's Collegiate Dictionary*, 11th edition, shall be the source for the ordinarily accepted meaning.

3.2 NFPA Official Definitions.

3.2.1* Approved. Acceptable to the authority having jurisdiction.

3.2.2* Authority Having Jurisdiction (AHJ). An organization, office, or individual responsible for enforcing the requirements of a code or standard, or for approving equipment, materials, an installation, or a procedure.

3.2.3 Shall. Indicates a mandatory requirement.

3.2.4 Should. Indicates a recommendation or that which is advised but not required.

3.2.5 Standard. A document, the main text of which contains only mandatory provisions using the word "shall" to indicate requirements and which is in a form generally suitable for mandatory reference by another standard or code or for adoption into law. Nonmandatory provisions shall be located in an appendix or annex, footnote, or fine-print note and are not to be considered a part of the requirements of a standard

3.3 General Definitions.

3.3.1 Advanced Life Support (ALS). See 3.3.27.1.

3.3.2 Aid.

3.3.2.1* Automatic Aid. A plan developed between two or more fire departments for immediate joint response on first alarms. [1142, 2007]

3.3.2.2 Mutual Aid. Reciprocal assistance by emergency services under a written plan among AHJs that is part of communication center's dispatch protocol.

3.3.3* Alarm. A signal or message from a person or device indicating the existence of an emergency or other situation that requires action by an emergency response agency [1221, 2010].

3.3.4 Area.

3.3.4.1 Remote Area. A geographic area that requires a travel distance of at least 8 miles from a fire station to provide emergency services.

3.3.4.2 Rural Area. As defined by the U.S. Census Bureau, an area with fewer than 500 people per square mile.

3.3.4.3 Suburban Area. As defined by the U.S. Census Bureau, an area with between 500 people and 1000 people per square mile.

3.3.4.4 Urban Area. As defined by the U.S. Census Bureau, an area with at least 1000 people per square mile.

3.3.5 Automatic Aid. See 3.3.2.1.

3.3.6 Basic Life Support (BLS). See 3.3.27.2.

3.3.7 Combination Fire Department. See 3.3.15.1.

3.3.8 Company. A group of members assembled at the scene that operate under direct supervision and are trained and equipped to perform assigned tasks.

3.3.9* Company Officer. A supervisor of a crew/company of personnel. [1710, 2010]

3.3.10 Crew. See 3.3.39, Team.

3.3.11* Demand Zones. An area used to define or limit the management of a risk situation.

3.3.12 Emergency Incident. Any situation to which an emergency services organization responds in order to deliver emergency services, including rescue, fire suppression, emergency medical service, special operations, law enforcement, and other forms of hazard control and mitigation.

3.3.13 Emergency Medical Service. The treatment of patients using first aid, cardiopulmonary resuscitation, basic life support, advanced life support, and other medical procedures prior to arrival at a hospital or other health care facility. [See also 3.3.27.1, *Advanced Life Support (ALS)*; 3.3.27.2, *Basic Life Support (BLS)*; and 3.3.20, *First Responder (EMS)*.]

3.3.14 Fire Apparatus. A vehicle designed to be used under emergency conditions to transport personnel and equipment, and to support the suppression of fires and mitigation of other hazardous situations. [1901, 2009]

3.3.15 Fire Department. An organization providing rescue, fire suppression, emergency medical services, and related activities to the public.

3.3.15.1 Combination Fire Department. A fire department having emergency service personnel comprising less than 85 percent majority of either volunteer or career membership.

3.3.15.2 Volunteer Fire Department. A fire department having volunteer emergency service personnel comprising 85 percent or greater of its department membership.

3.3.16 Emergency Operations. See 3.3.30.1.

3.3.17 Fire Department Member. See 3.3.28, Member.

3.3.18 Fire Protection. Methods of providing fire detection, control, and extinguishment.

3.3.19* Fire Suppression. The activities involved in controlling and extinguishing fires. [1500, 2007]

3.3.20* First Responder (EMS). Functional provision of initial assessment (i.e., airway, breathing, and circulatory systems) and basic first-aid intervention, including CPR and automatic external defibrillator (AED) capability. [1710, 2010]

3.3.21* Hazard. A condition that presents the potential for harm or damage to people, property, or the environment.

3.3.22 Hazardous Area. The area where members might be exposed to a hazard or hazardous atmosphere. A particular substance, device, event, circumstance, or condition that presents a danger to members of the fire department.

3.3.23 Hazardous Material. A substance that is capable of creating harm to people, the environment, or property due to its toxicity, chemical reactivity, decomposition, or corrosivity; is capable of explosion or detonation; or presents etiological hazards, whether used for its intended purpose or as a weapon of mass destruction (WMD), for illicit lab purposes, environmental crimes, or industrial sabotage.

Exhibit E

Deferred Interest for Defined Contribution Plans

Topic:

During the 2019 Legislative Session, questions were raised by members of the Legislative Commission on Pensions and Retirement (LCPR) about the payment of interest or additional investment income to deferred members of relief associations.

After discussion, the Working Group agreed that defined contribution plans should be required to provide investment gains and losses to deferred members. Currently, 23 relief associations with defined contribution plans do not pay interest to deferred members. The optional change below would require that interest or additional investment performance be credited to deferred members. The options for crediting interest are at the rate actually earned on a separate investment account or separate investment vehicle, or for deferred members to share in the full investment gains and losses. If the bylaws do not specify one of these methods, the default will be that deferred members share in full investment gains and losses.

Defined-Contribution Relief Associations (Data for 86 plans)

	No Interest	Full Gains/Losses	Separate Account	Separate Investment Vehicle
Number of Plans	23	39	15	9

Optional Change:

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

Subd. 6. **Deferred service pensions.** (a) A member of a relief association is entitled to a deferred service pension if the member separates 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 duties and who are employed on a full-time basis under section 424A.015, subdivision 1.

(b) The deferred service pension is payable when the former 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 when the former member makes a valid written application.

(c) A defined contribution relief association ~~must~~ may, if its governing bylaws so provide, credit interest or additional investment performance on the deferred lump-sum

service pension during the period of deferral. ~~If provided for in the bylaws, the interest~~ Interest must be credited in one of the following methods, as provided for in the bylaws:

(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 volunteer firefighters relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account through the accounting date on which the investment return is recognized by and credited to the special fund.

(d) Unless the bylaws of a relief association that has elected to pay interest or additional investment performance on deferred lump-sum service pensions under paragraph (c) specifies a different interest or additional investment performance method, including the interest or additional investment performance period starting date and ending date, the interest or additional investment performance on a deferred service pension is creditable as follows:

(1) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (1) or (3), beginning on the date that the member separates from active service and membership and ending on the accounting date immediately before the deferred member commences receipt of the deferred service pension; or

(2) for a relief association that has elected to credit interest or additional investment performance under paragraph (c), clause (2), beginning on the date that the member separates from active service and membership and ending on the date that the separate investment vehicle is valued immediately before the date on which the deferred member commences receipt of the deferred service pension.

(e) If the bylaws do not define a method for crediting interest or additional investment performance, the interest or additional investment performance must be credited using the method defined in paragraph (c), clause (3).

Exhibit F

Deferred Interest for Defined Benefit Plans

For the reasons identified below, the Volunteer Fire Relief Association Working Group believes that relief associations with a defined-benefit plan should continue to have authority to pay interest to deferred members.

1) Local Control – Relief association trustees and the affiliated municipal governing boards have the ability to decide locally whether to pay interest to deferred members. This provides communities with the ability to consider the payment of interest when making overall decisions regarding firefighter compensation.

2) Funding Levels – The reason augmentation was eliminated from other Minnesota public pension plans was to help with underfunding problems. Relief associations have the opposite problem; most are overfunded and are looking at ways to reduce their surpluses. At the end of the 2017 calendar year, relief associations in total had a surplus of nearly \$92 million, and the average funding ratio was 138.5 percent.

3) Accessibility to Deferred Benefits – Unlike members of other Minnesota public pension plans, relief association members who leave service cannot access their funds until at least age 50. Nearly all relief association members receive a one-time lump-sum benefit, with most benefit amounts being relatively modest. Interest helps maintain the purchasing power of these benefits during deferral when the benefit amounts cannot be rolled over to an IRA for investment.