

SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION

S.F. No. 2366

(SENATE AUTHORS: RARICK)

DATE
03/13/2019

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OFFICIAL STATUS
Introduction and first reading
Referred to State Government Finance and Policy and Elections

1.1 A bill for an act
 1.2 relating to retirement; Public Employees Retirement Association; modifying
 1.3 statewide volunteer firefighter retirement plan; allowing termination of plan
 1.4 participation and coverage; directing distribution of pension benefits; proposing
 1.5 coding for new law in Minnesota Statutes, chapter 353G; repealing Minnesota
 1.6 Statutes 2018, section 353G.15.

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

1.8 Section 1. **[353G.18] TERMINATION OF PARTICIPATION AND DISTRIBUTION**
 1.9 **OF BENEFITS.**

1.10 Subdivision 1. **Application.** This section provides the procedures that apply if an entity
 1.11 wishes to terminate its participation in the retirement plan and authorize the distribution of
 1.12 all assets credited to the entity's account in the retirement fund held for the benefit of the
 1.13 entity's former firefighters. If this section conflicts with another section of this chapter, this
 1.14 section controls.

1.15 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision
 1.16 have the meanings given them unless the context clearly indicates otherwise.

1.17 (b) "Benefit level" means the amount of the service pension level under section 353G.11
 1.18 that is multiplied by a departing firefighter's years of service to determine the departing
 1.19 firefighter's pension benefit, as such amount may be increased by the executive director
 1.20 under subdivision 4, paragraph (d).

1.21 (c) "Departing entity" means the entity seeking to terminate its participation in the
 1.22 retirement plan and the coverage of its departing firefighters by the retirement plan.

1.23 (d) "Departing firefighter" means each former firefighter of the departing entity who:

2.1 (1) is credited with one or more years of service under the retirement plan or under the
2.2 relief association previously affiliated with the departing entity;

2.3 (2) has not yet received a distribution of the firefighter's pension benefit; and

2.4 (3) is entitled to a distribution of a pension benefit under this section.

2.5 (e) "Direct rollover" means a payment described under section 356.635, subdivisions 3
2.6 to 7. Consistent with the definition of "distributee" under section 356.635, subdivision 7, a
2.7 departing firefighter is a distributee for purpose of direct rollover election.

2.8 (f) "Distribution date" means the date as of which all assets in the entity's account are
2.9 to be distributed in the form of a payment to each departing firefighter or the survivor of
2.10 each deceased departing firefighter or as a direct rollover, if elected under section 356.635,
2.11 subdivisions 3 to 7.

2.12 (g) "Entity" means a municipality, an independent nonprofit firefighting corporation, or
2.13 a joint powers entity that operates or had operated a fire department with firefighters who
2.14 are covered by the retirement plan.

2.15 (h) "Entity's account" means the pension plan that is a component of the retirement plan
2.16 and under which the departing firefighters have accrued lump sum pension benefits and
2.17 with which the departing entity is affiliated.

2.18 (i) "Executive director" means the executive director of the Public Employees Retirement
2.19 Association.

2.20 (j) "Termination date" means the effective date of the termination of the pension plan
2.21 that is the entity's account. The termination date shall precede the distribution date.

2.22 (k) "Year of service" means a year of good time service credit certified by the departing
2.23 entity's fire chief under section 353G.07. For purposes of determining the amount of a
2.24 departing firefighter's pension benefit under this section, year of service includes any service
2.25 credit earned by the departing firefighter and certified under section 424A.003 with the
2.26 relief association previously affiliated with the departing entity. Good time service credit
2.27 ends when the departing firefighter's active service ends, notwithstanding a later termination
2.28 date as defined in paragraph (j).

2.29 Subd. 3. **Eligibility.** An entity is eligible to terminate its participation in the retirement
2.30 plan under this section if the entity satisfies the following conditions:

3.1 (1) the entity has eliminated its fire department or, if its fire department is ongoing, the
3.2 fire department has ceased using the services of all departing firefighters and any other
3.3 noncareer or volunteer firefighters; and

3.4 (2) the entity's account has assets sufficient to cover all liabilities, after taking into
3.5 account the requirement to fully vest all departing firefighters under subdivision 4, paragraph
3.6 (c), and pay administrative expenses under subdivision 4, paragraph (d).

3.7 Subd. 4. **Termination procedures.** (a) The participation of a departing entity in the
3.8 retirement plan and the coverage of the departing firefighters by the retirement plan shall
3.9 cease as of the date the requirements in this subdivision are completed and all assets credited
3.10 to the entity's account are distributed.

3.11 (b) The governing board of the departing entity shall adopt the resolutions under
3.12 subdivision 5 and deliver the resolutions to the executive director.

3.13 (c) The executive director shall fully vest all departing firefighters as of the termination
3.14 date and consider each departing firefighter 100 percent vested in the pension benefit accrued
3.15 by the departing firefighter under the entity's account as of the termination date.

3.16 (d) If the entity's account has assets in excess of accrued liabilities, the executive director
3.17 shall increase the benefit level in effect prior to the termination date and any lower benefit
3.18 level that applied to a departing firefighter at the time of the firefighter's separation from
3.19 service. The new benefit level must, as of the date of distribution, leave no assets in the
3.20 retirement fund attributable to the entity's account after (1) distribution of all benefits to the
3.21 departing firefighters and (2) payment of administrative expenses incurred or reasonably
3.22 anticipated to be incurred through the distribution date.

3.23 (e) The executive director shall, as soon as practicable after the termination date, distribute
3.24 all assets in the entity's account to the departing firefighters, regardless of whether a departing
3.25 firefighter has attained age 50, in the lump sum amount determined by the executive director
3.26 for each departing firefighter, taking into account the firefighter's years of service, the new
3.27 benefit level, if any, and 100 percent vesting. The distribution shall be made either as a
3.28 payment to the departing firefighter or as a direct rollover, if elected by the firefighter. If
3.29 the departing firefighter is deceased, then the firefighter's benefit shall be paid to the
3.30 firefighter's survivor under section 353G.12 or as a direct rollover, if elected by the survivor.

3.31 (f) The executive director shall pay supplemental benefits under section 424A.10, but
3.32 only to the extent that the executive director will be reimbursed under section 424A.10,
3.33 subdivision 3.

4.1 Subd. 5. **Entity board resolutions.** If an entity wishes to cease its participation in the
4.2 retirement plan and end the coverage of its former firefighters by the retirement plan, the
4.3 entity's governing board shall approve the following resolutions in a form satisfactory to
4.4 the executive director:

4.5 (1) a statement of intent to terminate participation in the retirement plan and cease the
4.6 coverage by the retirement plan of the entity's former firefighters; and

4.7 (2) the proposed termination date. The termination date must be the last day of a month
4.8 and at least 90 days after the date the resolutions are delivered to the executive director. For
4.9 an entity that approved the resolution described in clause (1) before the date of enactment
4.10 of this section, the termination date is September 30, 2019.

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

4.12 Sec. 2. **REPEALER.**

4.13 Minnesota Statutes 2018, section 353G.15, is repealed.

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

353G.15 INDIVIDUAL RETIREMENT ACCOUNT TRANSFER.

Upon receipt of a determination that the voluntary statewide volunteer firefighter retirement plan is a qualified pension plan under section 401(a) of the Internal Revenue Code, as amended, the executive director, upon request, shall transfer a lump-sum service pension amount under sections 353G.08 and 353G.11 of a former volunteer firefighter who has terminated active firefighting services covered by the lump-sum retirement division of the statewide plan and who has attained the age of at least 50 years to the person's individual retirement account under section 408(a) of the federal Internal Revenue Code, as amended. The transfer request must be in a manner prescribed by the executive director and must be filed by the former volunteer firefighter who has sufficient service credit to be entitled to a service pension or, following the death of a participating active firefighter, must be filed by the deceased firefighter's surviving spouse.