

**SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION**

S.F. No. 3828

(SENATE AUTHORS: LIMMER)

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Introduction and first reading
Referred to State and Local Government

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to retirement; Public Employees Retirement Association statewide volunteer
1.3 firefighter plan; Maple Plain fire department; modifying the procedures for
1.4 terminating participation in the statewide volunteer firefighter plan by the Maple
1.5 Plain fire department; requiring the executive director of the Public Employees
1.6 Retirement Association to allocate the surplus of plan assets over liabilities to
1.7 firefighters in the Maple Plain fire department in a two-stage allocation.

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

1.9 Section 1. **INVESTMENT OF THE ASSETS OF THE MAPLE PLAIN FIRE**
1.10 **DEPARTMENT IN LOW-RISK INVESTMENTS.**

1.11 No later than ten days after the effective date of this section, the executive director of
1.12 the Public Employees Retirement Association must direct the State Board of Investment to
1.13 re-invest the assets in the account of the Maple Plain fire department in low-risk investments
1.14 to minimize the risk of investment losses between the effective date and the date of
1.15 distribution of the assets.

1.16 Sec. 2. **TERMINATION PROCESS AND ALLOCATION OF SURPLUS UPON**
1.17 **TERMINATION FROM THE STATEWIDE VOLUNTEER FIREFIGHTER PLAN.**

1.18 (a) Paragraphs (b) to (f) apply, in lieu of Minnesota Statutes, section 353G.18, subdivision
1.19 4, to the termination of the participation of the Maple Plain fire department in the statewide
1.20 volunteer firefighter plan.

1.21 (b) The participation of the Maple Plain fire department in the statewide volunteer
1.22 firefighter plan and the coverage of the departing firefighters as defined under Minnesota
1.23 Statutes, section 353G.18, subdivision 2, must cease as of the date the requirements of this

2.1 section are completed and all assets credited to the account of the Maple Plain fire department
2.2 are distributed.

2.3 (c) To terminate the participation of the Maple Plain fire department in the statewide
2.4 volunteer firefighter plan, the governing board of the city of Maple Plain must adopt the
2.5 resolutions under Minnesota Statutes, section 353G.18, subdivision 5, and deliver the
2.6 resolutions to the executive director of the Public Employees Retirement Association.

2.7 (d) The executive director must:

2.8 (1) fully vest all departing firefighters as of the termination date identified by the
2.9 governing board in the resolutions under Minnesota Statutes, section 353G.18, subdivision
2.10 5, and consider each departing firefighter 100 percent vested in the pension benefit accrued
2.11 by the departing firefighter under the fire department's account as of the termination date;

2.12 (2) determine the present value of each departing firefighter's accrued benefit as of the
2.13 termination date, taking into account the benefit level under Minnesota Statutes, section
2.14 353G.11, or otherwise in effect for the departing firefighter as determined by the executive
2.15 director;

2.16 (3) determine, as of the termination date, the value of accrued liabilities, including
2.17 administrative expenses incurred or reasonably anticipated to be incurred through the
2.18 distribution date, and the value of assets attributable to the fire department's account; and

2.19 (4) as required by section 1, continue to minimize the risk of investment losses by
2.20 investing the assets credited to the fire department's account in low-risk investments.

2.21 (e) If the fire department's account has assets in excess of accrued liabilities, the executive
2.22 director must allocate the excess among all departing firefighters in accordance with the
2.23 following process:

2.24 (1) In the first stage, the executive director must allocate a portion of the surplus to each
2.25 departing firefighter who has not yet reached age 50 equal to the departing firefighter's years
2.26 of service multiplied by the benefit level under Minnesota Statutes, section 353G.11, or
2.27 otherwise in effect for the departing firefighter as determined by the executive director,
2.28 minus the present value of the departing firefighter's accrued benefit determined under
2.29 paragraph (d), clause (2).

2.30 (2) In the second stage, the executive director must allocate the surplus remaining, if
2.31 any, after the allocation under clause (1) to each departing firefighter in the same proportion
2.32 that the departing firefighter's years of service bears to the total years of service credited to
2.33 all departing firefighters. Each departing firefighter's benefit, as determined under paragraph

3.1 (d), clause (2), and, if applicable, as increased under clause (1), must be increased by the
3.2 departing firefighter's share of any remaining surplus.

3.3 (3) If, in the first stage, there is not sufficient surplus to provide an allocation to each
3.4 departing firefighter who has not yet reached age 50 as directed in clause (1), the executive
3.5 director must reduce the amount of the surplus allocated to each departing firefighter who
3.6 has not yet reached age 50 by reducing the benefit level used in clause (1) to a benefit level
3.7 that when multiplied by the years of service of each departing firefighter who has not yet
3.8 reached age 50, the surplus is exhausted and the same benefit level is used to compute the
3.9 allocation of surplus to each departing firefighter who has not yet reached age 50.

3.10 (f) The executive director must, as soon as practicable after the termination date, distribute
3.11 to each departing firefighter, regardless of whether the departing firefighter has attained
3.12 age 50, the firefighter's benefit as calculated by the executive director under paragraphs (d)
3.13 and (e). The distribution must be made in a lump sum, either as a payment to the departing
3.14 firefighter or as a direct rollover, if elected by the firefighter. If the departing firefighter is
3.15 deceased, then the firefighter's benefit must be paid to the firefighter's survivor under
3.16 Minnesota Statutes, section 353G.12, or as a direct rollover, if elected by the survivor.

3.17 (g) The executive director must pay supplemental benefits under Minnesota Statutes,
3.18 section 424A.10, but only to the extent that the executive director is entitled to reimbursement
3.19 under Minnesota Statutes, section 424A.10, subdivision 3.

3.20 **Sec. 3. REMAINING PROVISIONS OF SECTION 353G.18 APPLY.**

3.21 Minnesota Statutes, section 353G.18, subdivisions 1 to 3 and 5, apply to the termination
3.22 of the participation of the Maple Plain fire department in the statewide volunteer firefighter
3.23 plan.

3.24 **Sec. 4. EFFECTIVE DATE.**

3.25 Sections 1 to 3 are effective the day following final enactment.