



Date: July 26, 2022
To: Statewide Volunteer Firefighter Plan Advisory Board
From: Amy Streng, Policy Coordinator
Subject: 2022 Legislative Changes

The 2022 legislative session concluded on May 23, 2022. The passage of SF 3540, the Omnibus Retirement bill, occurred on May 17, 2022. The Governor signed SF 3540 on May 22, 2022. SF 3540 included several provisions that impacted the Statewide Volunteer Firefighter (SVF) Plan.

Good Time Service Credit

The 2022 Omnibus Retirement bill shortened "good time service credit" to "service credit" throughout Minn. Stat. §353G. No change occurred to the definition of "service credit", which remains for the purposes of the SVF Plan, the length of service credit for an active firefighter that is reported by the fire chief based on the minimum firefighter activity standards of the fire department. Service credit is comprised of the number of completed months of the year during which an active volunteer firefighter rendered at least the minimum level of duties as specified and required by the fire department.

Vesting Schedules for New Entities

The 2022 Omnibus Retirement Bill established three vesting schedule options for new entities joining the SVF Plan. When joining, an entity must identify the desired service pension amount and select a vesting schedule. The three available vesting schedules are:

- 1) vesting beginning at 40% after 5 years, increasing by 4%/year until 100% at 20 years
- 2) vesting beginning at 40% after 5 years, increasing by 12%/year until 100% at 10 years
- 3) vesting beginning at 40% after 10 years, increasing by 6%/year until 100% at 20 years

The entity may not select a vesting schedule that requires more years of service to become partially or fully vested than the vesting schedule in effect under the former relief association. The entity may select either a monthly benefit, lump sum, or both monthly and lump sum benefit.

Vesting

The 2022 Omnibus Retirement Bill clarified that the 20-year vesting requirement in current law continues to apply to fire departments currently in the SVF Plan, but that service with both the former relief association and the SVF Plan qualify for vesting purposes.

Minimum Service

The 2022 Omnibus Retirement Bill replaced the minimum service requirement to receive a pension benefit for members of the lump sum division from five years of service as a member of the SVF Plan to satisfying one of the following:

- 40% or more vested as an SVF plan member; or
- 40% or more vested as a member of the fire department, taking into account service with the former relief association and as an SVF plan member.

Alternative Benefit Calculation Repeal

The 2022 Omnibus Retirement Bill repealed the payment of an "alternative lump-sum service pension," which impacted firefighters who retired under the SVF Plan during the first five years after the relief association has joined the SVF Plan. The "alternative" benefit would have used the benefit level of the relief association. As a result of the repeal, a firefighter in this situation will receive the benefit level selected by the SVF Plan.

Supplemental Benefits

The 2022 Omnibus Retirement Bill provided that a firefighter who receives more than one lump-sum distribution, whether from the same relief association or different relief associations or the SVF Plan, is eligible to receive a supplemental benefit, subject to a separate \$1,000 maximum for each distribution.