



DATE: September 26, 2019  
TO: SVFRP Advisory Board  
FROM: Doug Anderson, Executive Director  
SUBJECT: Renewal of SVF 2019 Legislative Recommendations

The SVF Advisory Board and the PERA Board approved five legislative proposals for the 2019 legislative session. However, the recommendations were not heard during the 2019 legislative session. Staff is recommending the SVF Advisory Board renew their support for (1) a plan name change, (2) allowing a fire chief to initiate a cost request, (3) clarification of alternative service pension calculation rules, (4) clarification of responsibility for coverage approval, and (5) determining vesting portability.

A summary of each issue and the 2019's Advisory Board recommendation is provided below:

***Proposal #1: Plan Name Change***

The Plan is currently referred to in statutes as the Voluntary Statewide Volunteer Firefighter Retirement Plan.

***Advisory Board Recommendation:***

The Advisory Board moved to recommend that the PERA board direct staff to work with the LCPR to change the name to the Statewide Volunteer Firefighter Plan.

***Proposal #2: Lump-sum Retirement Division Level Selection [Minnesota Statutes 353G.11]***

Under current law, the process for requesting a cost estimate of an increase in a lump-sum service pension level must be executed by the governing body of the entity operating the fire department. In contrast, for departments in the monthly benefit division, the fire chief may initiate the process. Consideration could be given to allow the fire chief of a lump-sum department to initiate a request. The statutes for both lump-sum and monthly benefit divisions are uniform in requiring that the approval of a change must come from the governing body of the entity operating the fire department.

***Advisory Board Recommendation:***

The Advisory Board moved to recommend that the PERA board direct PERA staff to work with the LCPR to draft changes to Minnesota Statutes 353G.11, to allow the fire chief for a lump-sum retirement division to request a cost estimate from the executive director of an increase in the service pension level.

***Proposal #3: Alternative Lump-sum Pension Computation [Minnesota Statutes 353G.09]***

Current statutes are not clear with respect to the determination of an alternative service pension. The alternative service pension refers to the amount of benefit accrued as a volunteer firefighter with a department prior to that department's participation in the SVF. Currently the statutes combine the computation rules for benefits provided by defined benefit lump-sum retirement plans and defined contribution retirement plans into one paragraph. Also, the statutes do not clarify that both the defined benefit and defined contribution computations include the non-forfeitable percentage based on the number of years of service. Finally, the statutes don't differentiate between active and deferred members.

***Advisory Board Recommendation:***

The Advisory Board moved to recommend that the PERA board direct staff to work with the LCPR to draft changes to Minnesota Statutes 353G.09, subdivision 3, to separate the defined benefit and defined contribution computations into separate sections, clarify the application of non-forfeitable percentages, and add a section exclusively for deferred service pensions for former volunteer firefighters.

***Proposal #4: Plan Coverage Election [Minnesota Statutes 353G.05]***

Currently the finalization of plan coverage, per Statutes 353G.05, subdivision 5, is either approved or disapproved by only either the municipality or firefighting corporation and not by the relief association. Also, there is no process in place if the fire department is operated as or by a joint powers entity.

***Advisory Board Recommendation:***

The Advisory Board moved to recommend that the PERA board direct staff to work with the LCPR to draft changes to Minnesota Statutes 353G.05, to ensure that coverage elections include joint approval from the municipality (or municipalities in the case of a joint powers entity) or firefighting corporation and the relief association.

***Proposal #5: Portability [Minnesota Statutes 353G.13]***

One of the goals of the Statewide Volunteer Firefighter (SVF) Retirement plan is to provide portability of benefits for volunteer firefighters. Portability is a member's ability or right to retain certain benefits when switching departments. The SVF plan is designed to pay benefits to a firefighter who may not vest in one department, but when all volunteer service in departments participating in the SVF is combined, the individual has earned more than five years of credited service. A prorated share of benefits payable is based on the credits earned from each department.

The statutes are not clear about portability within the SVF in all situations that include pre-SVF coverage. Clarification of the portability provision is important to ensure correct and consistent

payment of benefits and to make sure education materials will properly present the provision. Reference the attached memo dated November 27, 2018 for further discussion and examples.

*Advisory Board Recommendation:*

The Advisory Board moved to recommend that the PERA board direct staff to work with the LCPR to draft changes to Minnesota Statutes 353G.13, to ensure that when a SVF member leaves a fire department, the benefit that they will receive upon retirement from that department is based on vesting service determined using all years of service through the end of service with that respective department, including years of volunteer service accumulated prior to that specific department. Subsequent years of service with a different department will not be considered in the benefit determination.