



SVF Plan Retirement Benefits

The SVF Plan is a Defined Benefit Plan (DBP), however, unlike other DBPs PERA administers, the retirement benefit is a one-time, lump-sum amount. A volunteer firefighter’s SVF Plan retirement benefit is based on their certified years of service, vesting status, and the benefit level in effect for their fire department at the time they separate from service. A fire department’s SVF Plan benefit level is the dollar amount corresponding to each year of a volunteer firefighter’s certified service.

SVF PLAN BENEFIT LEVEL RANGE

The SVF Plan currently offers benefit levels ranging from \$500 to \$15,000 per year of credited service. This range is subject to statutory change. Benefit levels are set in \$100 increments.

WHO SETS A FIRE DEPARTMENT’S BENEFIT LEVEL IN THE SVF PLAN?

The fire department’s governing body sets the benefit level in the SVF Plan for their volunteer firefighters. The governing body can elect to approve an increase in the fire department’s benefit level once per year. Benefit level increases approved in a given year are effective on January 1 of the next year.

At any time, either the fire chief or governing body representative(s) may request that PERA provide a cost analysis showing the estimated cost of increasing the fire department’s benefit level under the SVF Plan. PERA’s cost analysis is intended to help the fire chief and governing body determine whether and the extent to which a benefit level increase is appropriate for their fire department. For step-by-step instructions on how to increase a fire department’s benefit level, see the guidance in [Consider Increasing the Benefit Level for My Fire Department](#).

SVF PLAN VESTING SCHEDULES

A volunteer firefighter’s vesting percentage represents the extent (in a percentage) to which they are entitled to a future retirement benefit under the SVF Plan. A volunteer firefighter’s years of service determine their vesting percentage.

If the fire department joined the SVF Plan effective prior to January 1, 2023, the following vesting schedule applies:

Years of Service	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Vested %	40%	44%	48%	52%	56%	60%	64%	68%	72%	76%	80%	84%	88%	92%	96%	100%

If the fire department joined the SVF Plan effective January 1, 2023 or later, the department selected one of the following vesting schedules:

VESTING SCHEDULE 1

Years of Service	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Vested %	40%	44%	48%	52%	56%	60%	64%	68%	72%	76%	80%	84%	88%	92%	96%	100%

VESTING SCHEDULE 2

Years of Service	5	6	7	8	9	10
Vested %	40%	52%	64%	76%	88%	100%

VESTING SCHEDULE 3

Years of Service	10	11	12	13	14	15	16	17	18	19	20
Vested %	40%	46%	52%	58%	64%	70%	76%	82%	88%	94%	100%



SVF PLAN RETIREMENT BENEFIT CALCULATION

The SVF Plan retirement benefit is calculated according to the volunteer firefighter’s certified years of service, vesting status, and the benefit level in effect for their fire department at the time they separate from service. Specifically, the retirement benefit is calculated as:

$$[\text{Years of Service} \times \text{Benefit \$ Level} \times \text{Vested \%} = \$ \text{Retirement Benefit}]$$

The terms in the calculation shown above have the following definitions:

- **Years of Service:** Certified service at time of separation from service. The SVF Plan retirement benefit calculation rounds service credits downward to the whole year, meaning, for example, that if a volunteer firefighter serves for 19 years and 11 months, the benefit calculation factors in 19 years of service (no months).
- **Benefit \$ Level:** Annual benefit level (in dollars) per year of service in effect at the time of separation from service.
- **Vested Percentage:** The extent to which the SVF Plan member has vested their benefit, expressed as a percentage (out of 100%). A SVF Plan member’s vested percentage corresponds to the number of years of certified service they have rendered. The member’s vested percentage increases as their certified years of service increase, until 100% vesting is reached per the applicable fire department’s vesting schedule. To determine a SVF Plan member’s years of service for vesting purposes, PERA counts their certified, non-concurrent volunteer firefighter service rendered at any fire department in the state of Minnesota (regardless of the fire department’s participation in the SVF Plan).

Vested Percentage Determination Example:

- A volunteer firefighter serves for 3 years at the Green Fire Department and then subsequently serves for 10 years at the Red Fire Department. The Red Fire Department participates in the SVF Plan, and the Green Fire Department does not.
- Upon separating from service with the Red Fire Department, the volunteer firefighter has, **for vesting purposes**, 13 total years of service: [3 years at Green Fire Department + 10 years at Red Fire Department] = 13 years
- The Red Fire Department follows the vesting schedule shown below:

Years of Service	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
Vested %	40%	44%	48%	52%	56%	60%	64%	68%	72%	76%	80%	84%	88%	92%	96%	100%

- The volunteer firefighter’s vested percentage with the Red Fire Department is 72%, which is the vested percentage corresponding to 13 years of service.

Retirement Benefit Example 1: Fully Vested

- 50-year old volunteer firefighter separates from service after serving 20 years
- Fire department’s benefit level at the time the volunteer firefighter separates from service is \$1,000
- Fire department’s vesting schedule starts at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service

$$[20 \text{ years} \times \$1,000 \times 100\%] = \text{\$20,000 retirement benefit}$$

Retirement Benefit Example 2: Partially Vested

- 50-year old volunteer firefighter separates from service after serving 10 years
- Fire department's benefit level at the time the volunteer firefighter separates from service is \$1,000
- Fire department's vesting schedule starts at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service

$[10 \text{ years} \times \$1,000 \times 60\%] = \mathbf{\$6,000 \text{ retirement benefit}}$

Retirement Benefit Example 3: Partially Vested with Some Months of Service

- 50-year old volunteer firefighter separates from service after serving 19 years and 11 months*
- Fire department's benefit level at the time the volunteer firefighter separates from service is \$1,000
- Fire department's vesting schedule starts at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service

$[19 \text{ years} \times \$1,000 \times 96\%] = \mathbf{\$18,240 \text{ retirement benefit}}$

* The SVF Plan retirement benefit calculation rounds service credits downward to the whole year.

Retirement Benefit Example 4: Not Vested

- 50-year old volunteer firefighter separates from service after serving 4 years
- Fire department's benefit level at the time the volunteer firefighter separates from service is \$1,000
- Fire department's vesting schedule starts at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service

$[4 \text{ years} \times \$1,000 \times 0\%] = \mathbf{\$0 \text{ retirement benefit}}$

Retirement Benefit Example 5: Partially Vested with Service at Multiple Fire Departments*

- 50-year old volunteer firefighter separates from service after serving 3 years at the Green Fire Department and subsequently serving 10 years at the Red Fire Department. The Red Fire Department participates in the SVF Plan, and the Green Fire Department does not.
- The Red Fire Department's benefit level at the time the volunteer firefighter separates from service is \$1,000
- The Red Fire Department's vesting schedule starts at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service

$[10 \text{ years} \times \$1,000 \times 72\%] = \mathbf{\$7,200 \text{ retirement benefit paid by the Red Fire Department}}$

* The benefit calculation in this example is based on (1) the 10 years of service rendered at the Red Fire Department, (2) the \$1,000 benefit level in effect for the Red Fire Department, and (3) the vested percentage achieved with 13 years of total service rendered between the Green (3 years) and Red (10 years) Fire Departments.

Retirement Benefit Example 6: Partially Vested with Service at Multiple Fire Departments*

- 50-year old volunteer firefighter separates from service after serving 3 years at the Green Fire Department, then 10 years at the Red Fire Department, and then 5 years at the Blue Fire Department. The Red and Blue Fire Departments participate in the SVF Plan, and the Green Fire Department does not.
- The Red Fire Department's benefit level at the time the volunteer firefighter separates from service with the Red Fire Department is \$1,000
- The Blue Fire Department's benefit level at the time the volunteer firefighter separates from service with the Blue Fire Department is \$2,000
- The Red and Blue Fire Departments both have vesting schedules starting at 40% after 5 years of service, increasing by 4% each subsequent year until 100% vesting is reached after 20 years of service.

[10 years x \$1,000 x 72%] = **\$7,200 retirement benefit paid by the Red Fire Department**

[5 years x \$2,000 x 92%] = **\$9,200 retirement benefit paid by the Blue Fire Department**

* The vested percentage achieved with 13 years of total service rendered between the Green (3 years) and Red (10 years) Fire Departments is 72% according to the Red Fire Department's vesting schedule. The vested percentage achieved with 18 years of total service rendered between the Green (3 years), Red (10 years), and Blue (5 years) Fire Departments is 92% according to the Blue Fire Department's vesting schedule.

TAXABILITY OF SVF PLAN BENEFITS

Unless the SVF Plan member or survivor elects different tax treatment on their benefit application form, PERA automatically withholds applicable federal and Minnesota state income taxes from the gross, lump-sum amount of the SVF Plan benefit.

PERA does not withhold income tax for any state other than Minnesota. The SVF Plan member or survivor may elect to roll their benefit over to another tax-qualified retirement account with no federal or Minnesota state taxes withheld. For additional details on how your SVF Plan retirement benefit or survivor benefit will be taxed (including the applicable tax rates), see the [SVF Plan Retirement Benefit Application](#) or [SVF Plan Survivor Benefit Application](#).

DEFERRED SVF PLAN RETIREMENT BENEFITS

For firefighters who defer their retirement benefit AFTER the fire department joins the SVF Plan: No interest is earned on benefits deferred under the SVF Plan. When the firefighter eventually collects their deferred retirement benefit, the lump-sum amount is calculated as:

[Years of Service x Benefit \$ Level effective at time of deferral x Vested % = \$ Retirement Benefit]

For firefighters who defer their retirement benefit BEFORE the fire department joins the SVF Plan: If a firefighter deferred their benefit prior to the fire department joining the SVF Plan, the rules of the relief association will apply to the calculation of their benefit. In other words, PERA will calculate the firefighter's retirement benefit according to the relief association's vesting requirements, benefit level, interest earnings, and retirement age applicable at the time the firefighter deferred.

SUPPLEMENTAL BENEFITS

In addition to a lump-sum retirement benefit, the SVF Plan provides volunteer firefighters with a one-time cash supplemental benefit, equivalent to that outlined in Minnesota Statutes 424A.10. PERA applies for reimbursement of these supplemental benefits from the Minnesota Department of Revenue and deposits the reimbursement into the fire department's SVF Plan account.



SURVIVOR BENEFITS

SVF Plan members do not specify their survivor beneficiaries. Instead, the succession of SVF Plan survivor beneficiaries is set in state statute. PERA pays the applicable SVF Plan survivor benefit to the surviving spouse of the deceased volunteer firefighter. If no spouse exists, PERA pays the benefit to the volunteer firefighter's minor children. If no spouse or minor children exist, the deceased volunteer firefighter's estate receives the benefits. The survivor benefit amount is equal to the retirement benefit that would have been payable to the firefighter at age 50 based on their service credit earned as of the date of death.

APPLY FOR AN SVF PLAN RETIREMENT BENEFIT OR SURVIVOR BENEFIT

For instructions on how to apply for a SVF Plan benefit, see the guidance provided in [Apply for a Retirement Benefit or Survivor Benefit](#).

SVF PLAN MONTHLY BENEFIT DIVISION

The SVF Plan is designed to pay a lump-sum retirement benefit, rather than to pay annuities on a monthly basis. However, PERA can administer the pension for fire departments that currently pay monthly benefits to their volunteer firefighters. Eligibility for monthly benefits is based on the fire department's pension plan document. The application for monthly benefits is available from the department's fire chief rather than PERA. Firefighters work directly with the department's fire chief to apply for monthly benefits.

DISABILITY BENEFITS

The SVF Plan does not currently provide disability benefits.