



Date: November 18, 2025
To: Statewide Volunteer Firefighter Advisory Board
From: Doug Anderson, Executive Director
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Subject: 2026 PERA SVF Legislation

The 2026 legislative session begins on February 17, 2026. In preparation for the 2026 session, staff have developed recommendations for the administration of the Statewide Volunteer Firefighter Plan. After the SVF Advisory Board approves the recommendations, staff will bring the recommendations to the PERA Board to incorporate them into PERA's 2026 legislative agenda.

SVF Administration

The policy-making, management, and administrative functions related to the SVF Plan are vested in the board of trustees and the executive director of the Public Employees Retirement Association. Their duties, authority, and responsibilities are as provided in section 353.03. Fiduciary activities of the plan and fund must be undertaken in a manner consistent with chapter 356A.

Since 2010 the legislature has increased options within the SVF (ex. multiple vesting schedules) and opportunity to join (i.e. the incentive program). Increased plan membership has resulted in a much larger number of unique scenarios and administrative challenges. PERA staff is committed to an administrative approach to maximize operational efficiency. The commitment to being operationally efficient means that we must streamline our work and minimize time spent on unique situations. We also expect our membership to do their part to achieve operational efficiency. Our commitment is intended ultimately to provide services at the lowest possible cost. Lower costs means more money for retirement benefits for the volunteers and lower governing body contributions.

Throughout the past couple years staff have identified both legislative changes and internal administration changes to align with the mission of the operational efficient mission. This memo outlines the suggested changes.

SVF Legislation

The SVF Advisory Board will be asked to approve recommendations for both legislation and internal procedures, which are categorized into three areas: deadlines & consequences, administrative changes, and policy changes.

- i. **Deadlines & Consequences:** Current statute does not provide sufficient deadlines to administer various aspects of the SVF Plan. After establishing deadlines, the SVF Advisory Board should consider the recommended consequence for missing the deadline.
 - a. Transfer of Coverage (Both Defined Benefit Plans (DB) and Defined Contribution Plans (DC))
 - i. Current statute: Minn. Stat., Section 353G.05, Subd. 4 & 5a
 - ii. Statutory Change Recommendation: Add language to statute that requires the transfer of coverage to occur within 120 days or by November 1, which ever happens sooner, after filing the request for coverage.

- iii. Consequence: If the deadline is missed, the transfer is not approved. This means that the department will be ineligible to join SVF that year.
- b. Benefit Increases (DB Monthly Plans)
 - i. Current statute: Minn. Stat., Section 353G.11, Subd. 2a, paragraph (e)
 - ii. Statutory Change Recommendation: Require that a "monthly benefit level resolution" be filed to PERA no later than December 1.
 - iii. Consequence: If the resolution is not filed to PERA by December 1, the benefit increase is not effective January 1. The entity must submit a new benefit level resolution the next calendar year.
- c. Benefit Increases (DB Lump sum)
 - i. Current statute: Minn. Stat., Section 353G.11. Subd. 2, paragraph (d)
 - ii. Statutory Change Recommendation: Require that a "lump sum benefit level resolution" be filed to PERA no later than December 1.
 - iii. Consequence: If the resolution is not filed to PERA by December 1, the benefit increase is not effective January 1. The entity must submit a new benefit level resolution the next calendar year.
- d. Termination of Participation and Distribution of Benefits
 - i. Current Statute: Minn. Stat., Section 353G.18, Subd. 2
 - ii. Statutory Change Recommendation: Modify the termination date from the effective date of termination of the pension plan that is the entity's account to the last day of the year (12/31). Also, require dissolution resolutions to be submitted to PERA no later than 90 days prior to the end of the year.
 - iii. Consequence: If department does NOT submit (to PERA) dissolution resolution 90 days prior to the end of the year, the resolution will be invalid. They will be able to apply for dissolution the following year.
- e. Failure to meet deadlines to enroll into PERA. (Request for coverage)
 - i. Current Process: Entities must submit information and documentation on April 1 until July 15. PERA currently has the statutory authority to decline participation in the plan.
 - ii. Process Recommendation: PERA declines enrollment for those that miss the July 15th deadline. PERA does not accept late admissions.
- f. Failure to meet deadline for submitting annual service credit certification
 - i. Current statute: Minn. Stat., Section 353G.07
 - ii. Process Recommendation: If the annual service credit certification is not submitted before April 1, the annual funding report will use data and information from the most current year reported. Benefit level increase resolutions may be submitted on or after receiving the annual funding report, provided the department has submitted the current year's annual service credit report and any unreported years.
 - iii. Consequence: The annual funding report will not be updated and resent in the same year. Once the information is received, the updated data and information will be used for the next following report. In addition, if the annual service credit certification is not submitted, benefit level increase resolutions will not be accepted that year and until the information has been provided.

- g. DC Benefit Applications:
 - i. Current Statute: Not applicable
 - ii. Current Process: PERA cannot make benefit payments for DC applications until the annual service credit certifications are received and processed.
 - iii. Process Recommendation: If the annual service credit form report has not been submitted, payouts cannot occur.
- ii. **Administrative Changes**

As staff drafts the legislation, staff may identify additional administrative changes that are aligned with the mission of the SVF. Staff requests the ability to move forward with additional administrative changes.

 - a. Definitions:
 - i. Volunteer Firefighter
 - 1. Current Statute: Minn. Stat., Section 353G.01, Subd.15
 - 2. Statutory Recommendation: Modify the definition of volunteer Firefighter to reflect the language in MN Stat. 424A.001, sub 9b, 10 & 10 A.
 - ii. Service Credit for Pension Benefit Accrual or Contribution Allocation:
 - 1. Current Statute: Minn. Stat., Section 353G.07, paragraph (d)
 - 2. Statutory Recommendation: Modify the definition of service credit for pension benefit accrual or contribution allocation from percentage to "number of months".
 - iii. Service Credit for Vesting
 - 1. Current Statute: Minn. Stat., Section 353G.075, paragraphs (a & c)
 - 2. Statutory Recommendation: Change statute to include "years & months. "This change is needed due to "prior service" is used in calculation and knowing number of months (partial year) is needed.
 - iv. Lump Sum divisions:
 - 1. Current Statute: Minn. Stat., Section 353G.01, Subd. 7b
 - 2. Statutory Recommendation: Add reference to defined contribution plans.
 - v. Plan Coverage Election:
 - 1. Current Statute: Minn. Stat., Section 353G.05, Subd. 3d
 - 2. Statutory Recommendation: Change "secretary" to "representative"
 - b. Benefit Levels
 - i. Selection of Benefit Levels
 - 1. Current Statute: Minn. Stat., Section 353G.05, Subd. 1d
 - 2. Statutory Recommendation: Clarify that selection of benefit levels only applies to monthly plans and the DB in the lump sum division, and not DCs.
 - c. Defined Contribution Plans
 - i. Conversion to Defined Benefit Plan:
 - 1. Current Statute: Minn. Stat., Section 353G.05, Subd. 1b, paragraph c
 - 2. Statutory Recommendation: Statute needs to be clarified that a fire department joining as a defined contribution plan cannot convert to a

defined benefit plan. A conversion from a defined contribution plan to a defined benefit plan is impossible because it would require unique benefit levels for each member.

ii. Cost Analysis:

1. Current Statute: Minn. Stat., Section 353G.05
2. Statutory Recommendation: Statute needs to reflect that the plan coverage process for the defined contribution plans are the same up until the cost analysis. Defined contribution plans do not need a cost analysis. These plans need a resolution submitted to PERA and a reconciliation of account balances at the end of year prior to joining PERA.

iii. DC Plan Conversion Process:

1. Current Statute: Minnesota Stat., Section 353G.19
2. Statutory Recommendation: Add "in the form and manner prescribed by the executive director."

iv. Conversion to DC Plan

1. Current Statute: Minnesota Stat., Section 353G.19, Subd. 2, paragraph (2)
2. Statutory Recommendation: Remove "installments" pertaining to account deficit.

v. DC Account Balance Reconciliation:

1. Current Statute: not applicable
2. Statutory Recommendation: Add to statute that PERA will provide a reconciliation each year to departments with a breakdown of member allocations so that the DC balances can be reconciled each year.

vi. Funding of Fire Department Accounts and Annual Allocation to Individual Accounts in Defined Contribution Plan

1. Current Statute: Minnesota Stat., Section 353G.082, Subd. 3, paragraph (c)
2. Statutory Recommendation: Remove from statute altogether as fire chiefs determine how credit of service is given.

d. Biennial Funding Reports

i. Timing

1. Current Statute: Minn. Stat., Section 353G.08
2. Statutory Recommendation: The requirement for biennial funding reports should be changed to annual reports. Annual reports allow for easier provision of benefit level increase estimates.

e. Other

i. Authorized Disbursements

1. Current Statute: Minn. Stat., Section 353G.085
2. Statutory Recommendation: Modify the statute to allow PERA to have discretionary authority needed to pay necessary expenditures which includes but is not limited to 1099 prep, administrative expenses, fire department tax requirements, and underpaid benefits.

- ii. Cost Analysis Requests for Benefit level increases
 - 1. Current Statute: Minn. Stat., Section 353G.11, Subd. 2b-c
 - 2. Statutory Recommendation: PERA currently does not allow requests as PERA provides a cost analysis estimate within the annual funding report.
- iii. **Policy Changes**
 - a. Monthly Plans:
 - i. Current Statute: Minn. Stat., Section 353G
 - ii. Statutory Recommendation: Given the complexity of administering monthly plans, staff recommends that the statute be amended to no longer allow monthly plans to enter the SVF.
 - b. DC Plan to DB Conversion
 - i. Current Statute: not applicable
 - ii. Statutory Recommendation: Once a DB converts to a DC, this is an indefinite change and departments cannot change back to a defined benefit plan.