



**H.F. 3895**

(Murphy, M.)

**S.F. 3630**

(Saxhaug)

## Executive Summary of Commission Staff Materials

<i>Affected Pension Plan(s):</i>	Volunteer Firefighters
<i>Relevant Provisions of Law:</i>	Minnesota Statutes, Chapters 69, 356, 356A, 356B, and 424C
<i>General Nature of Proposal:</i>	Establishes voluntary statewide lump sum volunteer firefighter retirement plan
<i>Date of Summary:</i>	March 27, 2008

## Specific Proposed Changes

The bill creates a voluntary statewide lump sum volunteer firefighter retirement plan governed by a board primarily drawn from firefighters and municipal officials, administered by the Minnesota State Retirement System (MSRS), invested by the State Board of Investment, providing lump sum service pensions based on the fire department call level and fire state aid amounts, up to an overall maximum of \$4,000 per year of service credit, funded from transferred relief association assets, fire state aid, and prescribed municipal contribution amounts based on the service pension level and with an initial State General Fund appropriation.

## Policy Issues Raised by the Proposed Legislation

- a. Attractiveness of a statewide retirement plan, reception by volunteer fire community.
- b. Appropriateness of restriction of statewide plan to lump sum volunteer plan.
- c. Appropriateness of MSRS administration.
- d. Appropriateness of crediting service based on "good time" service determinations by local fire chiefs.
- e. Appropriateness of representatives on statewide volunteer firefighter retirement plan board.
- f. Appropriateness of basing service pensions on fire calls and fire state aid levels.
- g. Appropriateness of municipal option to approve higher lump sum service pension level.
- h. Appropriateness of retaining current long vesting requirement.
- i. Adequacy of the funding of the statewide volunteer firefighter retirement plan.
- j. Appropriateness of the State General Fund appropriation and initial plan expenditures.

## Potential Technical Amendments

An inconsistency in specified interest rates governing actuarial work and amortization contributions needs to be resolved at either 5.0 percent (**Amendment H3895-1A**) or at 8.5 percent (**Amendment H3895-2A**).

