

Pension Division Newsletter

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2012 Fire State Aid

The Office of the State Auditor (OSA) is pleased to announce that 599 volunteer fire relief associations and other pension plans met all reporting requirements to be certified as eligible for receipt of their 2012 fire state aid in the first round of aid disbursements. State aid will be disbursed on or about October 1 for those plans that met the reporting requirements. Listings of the 2012 fire and police state aid amounts from the Minnesota Department of Revenue have been posted to the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120214.000>.

Relief associations that did not submit all required reporting information and did not resolve any identified issues to be included in the first distribution of 2012 fire state aid may be eligible to receive their aid during the second round of aid payments. To be certified as eligible in the second round of payments, a relief association must have submitted all required 2011 reporting information, the OSA review must have been completed, and any issues identified by the OSA must be resolved by November 1.

In addition, the municipal treasurer is required under State law to transmit fire state aid to the treasurer of the affiliated relief association within 30 days after receipt, if there is a relief association organized and the association has filed a financial report with the municipality. The Reporting Form that must be signed annually by the municipal clerk and submitted to the OSA qualifies as the financial report referred to in this statutory provision.

The relief association treasurer should make sure that the fire state aid is promptly deposited into the association's Special Fund.



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What's Ahead:

October 1: State fire aid is disbursed for relief associations certified as eligible to receive their aid in the first round of payments.

November 15: Second certification deadline for 2012 state fire aid.

November 30: Final deadline for submitting 2011 reporting-year forms to avoid forfeiture of state fire aid.

Records Retention Schedule

Relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records. Until recently, a relief association did not have authority to destroy records unless that association had received specific individual approval from the Records Disposition Panel. The Records Disposition Panel is a State panel consisting of the attorney general, the state auditor, and the director of the Minnesota Historical Society.

The Volunteer Fire Relief Association Working Group created a General Records Retention Schedule for volunteer fire relief associations. This general schedule was submitted by the Apple Valley Fire Relief Association to the Records Disposition Panel. We are pleased to announce that the general schedule has been approved.

A relief association can choose to adopt in its entirety the new general records retention schedule, to modify the general schedule to create a unique customized schedule, or to develop its own individualized records retention schedule. *If a relief association chooses none of these options, the association must permanently retain all of its records.*

Relief associations that adopt the general schedule and notify the Minnesota Historical Society of their adoption may now destroy certain types of records after they have been maintained for a specified length of time. Relief associations that adopt the general records retention schedule should notify the Minnesota Historical Society that it has adopted the general schedule before using it. If a relief association chooses to modify the general records retention schedule or to create its own schedule, the association must submit the proposed schedule to the Records Disposition Panel for approval before the customized schedule may be used.

After a relief association has adopted a schedule and notified the Historical Society or obtained approval from the Records Disposition Panel, the association may destroy records after they have been maintained for the length of time required by the schedule.

The general records retention schedule, instructions on how to use the schedule, and a form for use in notifying the Minnesota Historical Society that the schedule has been adopted can be found at: http://www.mnhs.org/preserve/records/docs_pdfs/Complete_MFRASchedule2012.pdf.

Sample Bylaw Guides

Sample Bylaw Guides:

Previous newsletters have discussed the sample bylaw guides that are available on the OSA website. Below are some tips for selecting the guide that is right for your relief association.

Lump-Sum

Relief associations are classified by how they pay out benefits, which is known as a plan type. The two types of plans covered by the guides are defined-benefit lump-sum and defined-contribution. Defined-benefit lump-sum plans pay benefits as a one-time lump-sum payment to members upon their retirement. The benefits are paid to members based on the annual benefit level in effect when the member separates from active service and membership. Defined-benefit lump-sum plans are the most common relief association plan type.

City Fire Department

Town Fire Department

Joint-Powers Fire Department

Independent Corporation

Defined-contribution plans (also known as split-the-pie plans) are similar to defined-benefit lump-sum plans in that members receive a one-time lump-sum payment when they retire. The benefit amount is equal to the member's individual account balance at the time of retirement. Members of defined-contribution plans receive equal shares of state and municipal contributions and pro-rated shares of investment earnings. Member account balances fluctuate from year to year based on the relief association's investment performance, revenues, and expenses.

Defined-Contribution

Relief associations are further categorized by fire department affiliation. Relief associations can be affiliated either with a city fire department, a town fire department, a joint-powers fire department, or an independent nonprofit firefighting corporation. Sample bylaw guides are provided for the two different types of plans with the four different fire department affiliations.

City Fire Department

Town Fire Department

Joint-Powers Fire Department

Independent Corporation

Multiple guides are required because state statutes vary slightly between the different types of plans, and the affiliations. The guides reflect these differences. Requirements for ratifying changes in benefit levels and revisions to bylaws, and the composition of a relief association's board of trustees, vary depending on the plan type and fire department affiliation.

Guides have not been created for defined-benefit monthly plans or defined-benefit monthly/lump-sum combination plans because only a few of these plans exist and their benefit provisions are unique. These plans may find many of the provisions within the guides helpful, however, especially provisions covering the governance, organization, and funds of the association.

Online Trainings:

[Completing the Schedule Form](#)

[Completing the Maximum Benefit Worksheet](#)

[Completing the Reporting Form](#)

[Completing the Investment Disclosure Report Form](#)

[Relief Association Reporting Requirements](#)

[SAFES Electronic Signature Process](#)

Revised Statement of Position

The OSA prepares Statements of Position to provide an educational resource to local governments, relief associations, auditors, and the public. The Statements of Position address topics that have arisen or may arise as a result of the OSA's oversight of local government and local public pension plans.

The OSA Statement of Position entitled Records Management for Fire Relief Associations has been revised and split into two separate Statements.

The Statement entitled Retention of Records for Volunteer Firefighter Relief Associations provides information about the new general records retention schedule that is available for relief associations, explains options for retaining records, and includes links to the general schedule.

The Statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20120928.000>.

The Statement entitled Records Management for Volunteer Firefighter Relief Associations discusses the types of records a relief association will have in its possession, including financial, investment, and personnel records. The Statement also provides guidance on issues of records maintenance and public accessibility.

The Statement can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.008>.

Investing through the SBI

**Statements of
Position:**

Relief associations have authority to invest through the State Board of Investment (SBI) Supplemental Investment Fund. The Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options. There are six accounts from among which a relief association may choose to invest. The accounts include money market, bond, stock, balanced, and international investment choices.

**Considerations When
Making Benefit
Changes**

Relief associations may choose to invest some or all of their Special Fund through the SBI. (Relief associations should maintain at least a minimal amount in a local financial institution to cover short-term expenses.) Many relief associations that invest through the SBI do so for a portion of their Special Fund portfolio, and work with an investment broker and local financial institution for the remainder of their portfolio.

Return to Service

Additional information about investing through the SBI is available at: <http://www.sbi.state.mn.us/ReliefAssociations.html>.

Investment Authority

Choosing to invest through the SBI is different than joining the Statewide Volunteer Firefighter Retirement Plan that is administered by the Public Employees Retirement Association (PERA). While assets for relief associations that join the statewide plan are invested by the SBI, under this scenario a relief association's entire Special Fund is transferred to the SBI and the association ceases to exist as a pension plan. PERA handles the management of the statewide plan and pays benefits.

**Governance for Fire
Relief Associations**

Additional information about the statewide plan is available on PERA's website at: http://www.mnpera.org/index.asp?Type=B_BASIC&SEC={D09EE783-90AF-4CE0-B34E-4A85C43E3EFA}.

**Fundraisers and
Donations**

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