

# Pension Division Newsletter

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## 2012-2013 Working Group

The Office of the State Auditor (OSA) will again convene the Volunteer Fire Relief Association Working Group this fall. The Working Group meets to identify and work through current and pressing relief association issues. The first meeting of the Working Group is set for November 19 and will be held from 11:00 a.m. to 1:00 p.m. at our office in Saint Paul.

Additional Working Group meetings have been scheduled for November 28, December 4, December 18, and January 15. All meetings are open to the public and will be held from 11:00 a.m. to 1:00 p.m. at our office in Saint Paul. Meeting agendas and materials will be available on our website at:

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

If you have questions regarding the Working Group or would like to suggest topics for the Group to consider, please contact Rose Hennessy Allen at [Rose.Hennessy-Allen@osa.state.mn.us](mailto:Rose.Hennessy-Allen@osa.state.mn.us) or at (651) 296-5985.



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## New Statement of Position

A new Statement of Position entitled The Process of Paying a Defined-Benefit Lump-Sum Service Pension: From Application to Disbursement has been released. The Statement lists steps that should be taken by a volunteer fire relief association’s board of trustees between the time a member applies for a service pension distribution and when the pension is paid. The Statement includes a chart that illustrates steps for calculating the pension.

The Statement and chart can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20121016.000>.

**What's Ahead:**

**November 1:** Second certification deadline for state fire aid.

**November 15:** State fire aid is disbursed for relief associations certified as eligible to receive their aid in the second round of payments.

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

## Reporting Reminder and State Aid Forfeiture Deadline

The second certification deadline for 2012 state fire aid for volunteer fire relief associations is November 1. To be certified as eligible for receipt of state fire aid in the second round of payments, all required 2011 reporting information for a relief association must be submitted, the OSA's review of the reporting information must be completed, and any issues identified by the OSA must be resolved by that date. Relief associations that have submitted reporting forms but have been notified by our Pension Division staff that additional information is needed are encouraged to submit the requested information as soon as possible.

To avoid automatic forfeiture of your relief association's 2012 state fire aid, all 2011 reporting-year forms must be submitted to the OSA by November 30, 2012. The 2011 reporting information was due by March 31 for relief associations with less than \$200,000 in assets and liabilities and by June 30 for relief associations that exceeded this statutory threshold. Notices were sent by e-mail and U.S. Mail to relief associations that have not submitted all required reporting information.

If you have questions regarding relief association reporting requirements, please contact the Pension Division at (651) 282-6110 or at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

A document providing reporting information and helpful hints for completing the reporting forms can be viewed on our website at:

[http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf\\_infoandhelpfulhints.pdf](http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_infoandhelpfulhints.pdf).

A list of 2012 state fire aid amounts is available on our website at: <http://www.auditor.state.mn.us/default.aspx?page=20120927.000>.

Note that this list shows state aid amounts that relief associations are eligible to receive. It is not a list of relief associations that have been certified as eligible for their state aid payment. Relief associations that have not yet met their reporting requirements will be included on this list, even though they have not yet been certified as eligible to receive their state fire aid distribution. Relief associations are certified as eligible to receive their state aid distribution after they have satisfied all reporting requirements and resolved any issues identified by the OSA.

## Schedule Form Reminders

**Sample Bylaw Guides:**

**Lump-Sum**

[City Fire Department](#)

[Town Fire Department](#)

[Joint-Powers Fire Department](#)

[Independent Corporation](#)

**Defined-Contribution**

[City Fire Department](#)

[Town Fire Department](#)

[Joint-Powers Fire Department](#)

[Independent Corporation](#)

For lump-sum relief associations, municipal contribution requirements are calculated each year using the Schedule Form. Relief associations are to complete the Schedule Form during the month of July and must certify the Form to the affiliated municipality by August 1. If the relief association is affiliated with an independent nonprofit firefighting corporation rather than a city or town fire department, the Form should be certified to the independent board.

Lump-sum relief associations should have already completed their 2012 Schedule Form (SC-12) and certified it to their affiliated municipality. The SC-12 calculates the required contribution amount for 2013. If the form shows that a contribution is required, the contribution must be paid in full during the 2013 calendar year.

Trustees from a few relief associations have asked if their associations could “pay” the required municipal contribution by transferring money from the association’s general fund to the association’s special fund. A transfer from a relief association’s general fund to its special fund does *not* satisfy the municipal contribution requirement. Minnesota law requires that the affiliated municipality pay contribution amounts through a municipal levy or other source of public revenue. Money in the relief association’s general fund is not public revenue.

A relief association could decide, if the bylaws allow for it, to make a donation from its general fund to the municipality. If the city council or town board votes to accept the donation, the donated funds become municipal funds and could be used by the city or town to help pay its contribution to the relief association’s special fund.

The Pension Division is performing preliminary SC-12 reviews. Although the SC-12 is not required to be submitted to the OSA until March or June 2013, with the relief association’s other 2012 reporting information, most associations submit the form to the OSA after it has been certified. Early submission of the form allows the OSA to pre-populate member data on your 2013 Schedule Form, which saves you time in data entry. For member data to be pre-populated on your 2013 Schedule Form, the SC-12 must be received and reviewed by the OSA before January 2013. If you haven’t submitted your SC-12 yet, please do so at your earliest convenience so that we can pre-populate your 2013 form.

Statements of  
Position:

Considerations When  
Making Benefit  
Changes

Return to Service

Investment Authority

Governance for Fire  
Relief Associations

Fundraisers and  
Donations

## Withholding Membership Dues from Per-Call Payments

A few relief associations have recently inquired about setting up an arrangement with their affiliated city or town for membership dues to be withheld from firefighters' per-call payments. Under the arrangement, the city or town would deduct the amount of relief association membership dues from a firefighter's payment, collect the dues for all participating firefighters, and transmit the collected dues to the association.

Minnesota law on paychecks and wages allows for employers to deduct only certain specific items from employee paychecks. Relief association membership dues are not listed as an authorized deduction. Therefore, an arrangement for a municipality to withhold membership dues for transmittal to the affiliated relief association would not be allowed.

The League of Minnesota Cities prepared an informational document on paychecks and wages which provides additional information on this topic. The document can be viewed at: <http://www.lmnc.org/media/document/1/flsa8.pdf>.

## Pension Division Staff

If you have questions, please contact us:

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