

# Pension Division Newsletter

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## Working Group Update

The Volunteer Fire Relief Association Working Group met on November 19 and November 28 to discuss technical changes that would clarify the statutes and remove outdated language. The Group agreed to pursue a change to survivor supplemental benefits that would make payment of a survivor supplemental benefit mandatory. The benefits are fully reimbursed by the State for qualified recipients. Currently, a relief association's bylaws must authorize the payment for a survivor supplemental benefit to be disbursed.

The Group also heard a proposal being pursued by the League of Minnesota Cities to authorize deduction of relief association membership dues from a firefighter's per-call check, if the firefighter agrees to the payroll deduction. This change would provide greater efficiency and eliminate an administrative burden for the affiliated relief association. The Working Group had no objections to the proposal.

In addition, the Working Group is considering whether municipal ratification of deferred interest rates should always be required, or only be required if a relief association is underfunded. The Group is also discussing when deferred interest rates established by a relief association's board of trustees should become effective. Currently, relief associations only have authority to make deferred interest rates effective on a going-forward basis. Some relief associations are interested in allowing the rates to become effective retroactively, so that the rates are based on the association's actual investment performance for the year. Discussion on both deferred interest items will continue at future Working Group meetings.

The next Working Group meeting will be held on Tuesday, December 4, from 11:00 a.m. to 1:00 p.m. in Saint Paul at the Office of the State Auditor (OSA). Meetings are open to the public.

Meeting agendas and materials are available on our website at:

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



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**What's Ahead:**

**November 30:** Final deadline for submitting 2011 reporting-year forms to avoid forfeiture of 2012 state fire aid.

**December 4:** Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

**December 18:** Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

## Supplemental Benefit Reimbursements

The Minnesota Department of Revenue (DOR) is sending out forms to relief associations seeking reimbursement of any supplemental benefits paid during 2012. The reimbursement form is due to the DOR by February 15, 2013, for reimbursement on or about March 15, 2013. The form and instructions have been updated to be more user-friendly.

The reimbursement form, instructions, and a sample form are available on the DOR website at:

[http://www.revenue.state.mn.us/local\\_gov/prop\\_tax\\_admin/Pages/sbr.aspx](http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/sbr.aspx).

Relief associations are required to pay a supplemental benefit to each member who receives a lump sum distribution of pension or retirement benefits. The amount of the supplemental benefit is equal to 10 percent of the lump sum distribution, up to a maximum of \$1,000. The supplemental benefit is paid to the retiring member at the same time as the pension distribution. The 10 percent should be calculated based on the pension amount *before* any deferred interest is added. In addition, deferred interest should not accrue on the supplemental benefit. Supplemental benefits are payable to members who are fully vested as well as to those who are partially vested.

During 2007, the Minnesota Legislature clarified that survivors are only eligible to collect the 20 percent (up to \$2,000) supplemental benefit and are **NOT** eligible for the regular 10 percent, up to \$1,000, supplemental benefit that is available to service pension recipients.

This means that survivors are not eligible to receive a supplemental benefit unless the relief association elects to pay the survivor supplemental benefit amount. A relief association should add language to its bylaws to authorize the survivor supplemental benefit payments if the association intends to pay a supplemental benefit to a survivor. Language is suggested in the OSA's Sample Bylaw Guides for relief associations interested in making a bylaw change. Supplemental benefits for survivors may be paid to the surviving spouse or to the surviving child or children of an active or deceased member. Survivor supplemental benefits are also reimbursed by the State of Minnesota. Reimbursement for any survivor supplemental benefits paid during 2012 can be sought using the same SBR Form referenced above.

**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**

**Open Meeting Law Reminder**

Many relief associations are beginning preparations for their annual board meetings. Please remember that relief associations are subject to Open Meeting Law requirements. Relief association board meetings must be open to the public unless some portion of the meeting is closed for a purpose expressly authorized under state law. The Open Meeting Law also contains notice requirements and requirements for making materials provided to the board members available in the meeting room for public inspection. Relief associations must record the votes on actions taken during meetings and must make the minutes available to the public during normal business hours where records of the association are kept.

The Information Policy Analysis Division (IPAD) of the Department of Administration has the authority to review Open Meeting Law questions and to issue advisory opinions about these issues. Information regarding Open Meeting Law Requirements, including a PowerPoint presentation, is available on the IPAD website at: <http://www.ipad.state.mn.us/docs/publicmeetmain.html>.

Municipal trustees have all the same rights and duties as any other trustee, except the right to be an officer of the board. Municipal trustees therefore have the right to vote and should be provided with meeting materials and notice of board meetings.

**State Aid Certification Update**

The Office of the State Auditor is pleased to announce that 91 volunteer fire relief associations met all reporting requirements to be certified as eligible for receipt of 2012 fire state aid for the second round of aid disbursements. Fire state aid was disbursed on or about November 15 for the certified relief associations.

In total, 690 volunteer fire relief associations and other local public pension plans have been certified as eligible for their 2012 fire state aid. Only 50 volunteer fire relief associations have yet to meet their reporting requirements to be certified. The next certification deadline for 2012 fire state aid eligibility is March 1, 2013.

A list of the 2012 fire state aid amounts is available on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120927.000>.

**Statements of Position:**

[Considerations When Making Benefit Changes](#)

[Return to Service](#)

[Investment Authority](#)

[Governance for Fire Relief Associations](#)

[Fundraisers and Donations](#)

## Schedule Form Reminder

The Pension Division is performing preliminary reviews of the 2012 Schedule Form (SC-12). The SC-12 is not required to be submitted to the Office of the State Auditor (OSA) until March or June 2013, with the relief association's other 2012 reporting information. However, most relief associations submit the form to the OSA after it has been certified to the affiliated municipality by August 1.

Early submission of the form allows the OSA to pre-populate member data on the 2013 Schedule Form, which saves time in data entry. For member data to be pre-populated on the 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.

## Updated Statute Booklet Available

An updated version of the Selected Relevant Statutes Booklet is now available on the OSA's website. The booklet is assembled by the Pension Division and contains many of the state laws applicable to volunteer fire relief associations, including changes to those laws enacted during the 2012 legislative session. Relief association trustees are encouraged to download the booklet for reference when, among other things, updating bylaws, making investment decisions, and calculating benefit payments. The booklet can be accessed on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=2008034.004>.

## Pension Division Staff

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