

# Pension Division Newsletter

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## 2012 Reporting Forms Available

The 2012 reporting-year forms for volunteer fire relief associations are now available for download from the Office of the State Auditor (OSA) website. The forms are due by March 31, 2013, for relief associations with less than \$200,000 in assets and less than \$200,000 in liabilities, or by June 30, 2013, for relief associations with assets or liabilities that exceed this statutory threshold. After a relief association exceeds the \$200,000 statutory threshold, it must continue to have an audit prepared and maintain the June 30 reporting deadline, even if the relief association's assets and liabilities subsequently drop below the threshold.

Defined-contribution relief associations are strongly encouraged to complete their 2012 Defined Contribution Allocation Table (DC-12) using the online form provided by the OSA. If the OSA form does not accommodate a defined-contribution relief association's unique allocation needs, please contact Rose Hennessy Allen at (651) 296-5985 or at [Rose.Hennessy-Allen@osa.state.mn.us](mailto:Rose.Hennessy-Allen@osa.state.mn.us) to discuss special arrangements for submitting a customized Excel DC-12 form.

Detailed instructions for accessing the online reporting forms, along with helpful hints for completing them, can be viewed in a PDF document available on the OSA 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).

In addition, an updated Key Reporting Requirements calendar is now available. This PDF document lists each reporting form that relief associations must submit to the OSA and reporting requirements for some other State agencies, includes links to the forms, and provides the applicable due dates. It can be found at:

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

Relief associations can renew SAFES access for their accountants, auditors, and consultants by completing the SAFES User Authorization Form that is available for download at:

<http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.



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**What's Ahead:**

**March 15**

Fire Equipment Certification Form (FA-1 Form) is due to the Department of Revenue.

**March 15**

Supplemental benefit reimbursements are paid by the State to the municipality, for transfer to the affiliated relief association, for qualified reimbursement requests received by the Department of Revenue on or before February 15.

**March 31:**

Reporting forms for relief associations with assets and liabilities of less than \$200,000 are due to the Office of the State Auditor.

**March 31:**

Investment Business Recipient Disclosure Form is due to the Legislative Commission on Pensions and Retirement.

## Fire Equipment Survey Form Deadline

The 2012 Fire Equipment Certification (FA-1) Form is due to the Minnesota Department of Revenue by March 15, 2013. Submission of the form is required for communities to be eligible for 2013 fire state aid. The form must be signed by the fire chief, and by the municipal clerk or secretary of the independent nonprofit firefighting corporation, as applicable.

Five percent of a community's fire state aid is forfeited for each week or fraction of a week that the form is submitted past the March 15 due date. A copy of the FA-1 Form and instructions for completing the form are provided on the Minnesota Department of Revenue's website, at:

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

Completed FA-1 Forms should be submitted to Kristie Strum with the Department of Revenue by e-mail at [Kristie.Strum@state.mn.us](mailto:Kristie.Strum@state.mn.us) or by fax at (651) 556-3128. Alternatively, completed forms may be mailed to Ms. Strum at:

Minnesota Department of Revenue  
Property Tax Division  
Mail Station 3345  
Saint Paul, MN 55146-3345  
Phone: (651) 556-6074

## Updated Statutes Summary Released

An updated version of the Selected Relevant Statutes summary is now available on the OSA website. The summary provides a short, easy-to-read companion to the Selected Relevant Statutes booklet that is prepared annually by the Pension Division. The booklet contains many of the State statutes relevant to fire relief associations. Relief association trustees are encouraged to download the booklet and summary for reference when updating bylaws, making investment decisions, and calculating benefit payments.

The booklet and summary can be accessed under the "Documents" heading on the "Pension Documents" page of the OSA website at:

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

**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**

**Below-Investment-Grade Bonds**

Changes to the investment statutes that govern volunteer fire relief associations and other public pension plans became effective on May 11, 2012. One of the changes that may impact your relief association is how investments in below-investment-grade bonds are handled.

Under the new law, a relief association may invest directly, or indirectly, up to five percent of its portfolio in below-investment-grade bonds. The five-percent portfolio limit on below-investment-grade bonds includes direct investment in these types of bonds as well as investments through mutual funds or exchange-traded funds. Many relief associations invest in mutual funds that have a small allocation in these types of bonds. The portions of these mutual funds that include below-investment-grade bonds are counted toward the five-percent portfolio limitation.

The new investment law provides a transition period. If an investment was an authorized investment before the new law went into effect but is not authorized under the new law, the relief association has until June 30, 2013, to liquidate the investment.

For additional information about the 2012 investment law changes please see the OSA’s Statement of Position on Investment Authority for Fire Relief Associations at: <http://www.auditor.state.mn.us/default.aspx?page=20110527.006>, and the OSA’s 2012 Legislative Update at: [http://www.auditor.state.mn.us/other/PensionDocs/2012 Legislative Update.pdf](http://www.auditor.state.mn.us/other/PensionDocs/2012%20Legislative%20Update.pdf).

**Reminder to Submit Amended Bylaws**

Relief associations that were notified of bylaw compliance issues last year when the OSA conducted its review of the associations’ reporting forms should submit a revised copy of their governing bylaws to the OSA this year with the 2012 reporting-year forms, if not earlier. When submitting amended bylaws, submit copies of the relief association meeting minutes and of the municipal meetings minutes or resolution reflecting approval of the bylaw changes.

Sample Bylaw Guides in both MS Word and Adobe PDF formats are provided as a reference for relief association trustees and are available on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

**Statements of Position:**

**Considerations When Making Benefit Changes**

**Return to Service**

**Investment Authority**

**Governance for Fire Relief Associations**

**Fundraisers and Donations**

## Deferred Interest: The Board-Set Return Option

Relief associations that elect to pay interest to deferred members have several options for determining how interest is to be paid. One option is to allow the relief association's board of trustees to set the interest rate, up to five percent. This interest type is only available to lump-sum and monthly/lump-sum combination plans.

Under this option, the relief association board of trustees determines the rate of interest for deferred members, between zero and five percent, compounded annually. Interest is payable following the date on which the municipality has approved the interest rate established by the board of trustees. Because interest is not payable until after the rate has been set by the board of trustees and approved by the affiliated municipality, issues sometimes arise as to when a rate set by the board becomes effective. Information to help avoid deferred interest pitfalls are provided below.

- If the board of trustees has not set an interest rate, no interest is payable.
- If the interest rate set by the board of trustees is not ratified by the affiliated municipality or independent nonprofit firefighting corporation, as applicable, no interest is payable.
- After an interest rate is set by the board of trustees and ratified by the municipality, the rate remains in effect until a different rate is set by the board and ratified by the municipality.
- Interest rates cannot be set retroactively. In general, relief association bylaw and benefit changes can only be adopted on a going-forward basis.

## Pension Division Staff

If you have questions, please contact us:

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