

Pension Division Newsletter

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Legislative Update

The Legislative Commission on Pensions and Retirement heard the Working Group's legislative proposals and voted to include them in the 2013 Omnibus Retirement Bill I. This year, pension legislation will be split into two omnibus bills. The first omnibus bill includes the Working Group proposals and other administrative or technical recommendations. This bill is making its way through the legislative process.

The Pension Commission may assemble a second omnibus bill that includes more substantive policy proposals affecting the statewide retirement systems and large local teachers retirement plans.

Information about the Working Group and a copy of the Group's 2013 bill can be viewed at:

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

There are some other bills being heard by the Legislature this year that also have the potential to impact volunteer fire relief associations. These bills were not developed by the Working Group.

One of these proposals that is making its way through the legislative process is a bill that would increase the audit threshold for relief associations from the current \$200,000 in either assets or liabilities to \$500,000. The bill numbers for this proposal are H.F. 853 / S.F. 746, and its progress can be tracked at:

<http://www.leg.state.mn.us/leg/legis.aspx>.

Another proposal, H.F. 1414, has been spearheaded by the League of Minnesota Cities and would authorize relief association membership dues to be withheld from firefighters' per-call payments, provided that the firefighter authorizes the deductions through a written contract. The bill also would allow, subject to approval by the employer and the firefighter, the firefighter's per-call wages to be paid less frequently than within every 31 days, as is currently required.

We will continue to keep you updated on the progress of all these proposals through our Pension Newsletter and weekly E-Update.



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What's Ahead:**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.

June 30:

Reporting forms for relief associations with assets or liabilities of at least \$200,000 are due to the Office of the State Auditor.

August 1:

The 2013 Schedule Form and 2013 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

Reporting Reminder

The 2012 reporting-year forms for volunteer fire relief associations with less than \$200,000 in assets and less than \$200,000 in liabilities are due by March 31, 2013. The reporting forms for relief associations with assets or liabilities of \$200,000 or more are due by June 30, 2013.

Relief associations with the June 30 reporting deadline are required to submit audited financial statements in addition to the reporting forms. After a relief association's assets or liabilities exceed the \$200,000 statutory threshold, the relief association maintains the June 30 reporting deadline and audit requirement even if the association's assets and liabilities subsequently drop below that threshold.

The 2012 reporting-year forms can be accessed through the State Auditor's Form Entry System (SAFES) at:

<https://www.auditor.state.mn.us/safes/>.

2013 Supplemental Benefit Reimbursement Amounts

A listing of the 2013 supplemental benefit reimbursement amounts is now available on the Office of the State Auditor's website at:

<http://www.auditor.state.mn.us/default.aspx?page=20130327.000>.

The supplemental benefit reimbursements were disbursed on or about March 15, 2013, for relief associations that properly submitted reimbursement application forms to the Minnesota Department of Revenue by February 15, 2013.

If your relief association paid supplemental benefits during the preceding year but did not submit a reimbursement application form to the Department of Revenue by the February 15 deadline, your association may still be eligible to receive reimbursement in March 2014 if a reimbursement application form is properly submitted to the Department of Revenue by February 15, 2014.

Copies of the reimbursement application form and instructions are available on the Department of Revenue's website at:

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/sbr.aspx.

Online Training Opportunities:**[Relief Association Reporting Requirements](#)****[Deferred Interest: Options and Calculations](#)****[Completing the Schedule Form](#)****[Completing the Reporting Form](#)****[Completing the Investment Disclosure Report Form](#)****[Completing the Maximum Benefit Worksheet](#)****[SAFES Electronic Signature Process](#)**

Financial and Investment Report

The State Auditor has released the Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2011. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. The report also includes investment information on three salaried police relief associations and one salaried fire relief association. To view the complete report, which includes tables and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20130313.003>

Online Training Opportunities

Website links to recorded online trainings provided by the Office of the State Auditor have recently changed. Recorded online trainings are available to assist relief associations with the completion of reporting forms and to provide instructions regarding the SAFES website and electronic signature process. You can view the online trainings by clicking on the links to the right, or by visiting the "Training Opportunities" page of the Office of the State Auditor's website at:

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

Investment Business Recipient Disclosure Form

The chief administrative officer of any public pension plan, which includes volunteer fire relief associations, must annually complete an Investment Business Recipient Disclosure Form. The Form must be filed with the Executive Director of the Legislative Commission on Pensions and Retirement within 90 days after the close of the pension plan's fiscal year. For volunteer fire relief associations, the Form is due to the Legislative Commission on Pensions and Retirement by March 31.

The Form asks for pension plans to identify all recipients of investment business with respect to investments made by the plan. The Form can be accessed at:

http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_recipientDisc_form.pdf

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

Broker Certification Form Reminder

Volunteer fire relief associations and other local public pension plans using the services of a broker must complete a uniform Broker Certification Form that is provided by the Office of the State Auditor. The Broker Certification Form must be completed before a public pension plan (which includes relief associations) may enter into a business arrangement with a broker, and must be completed annually thereafter. A copy of each completed form should be submitted to the Office of the State Auditor with the pension plan’s annual reporting forms.

If any portion of the pension plan’s assets are held by a security broker or its agent, the security broker or its agent must acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation, supplemented by additional insurance, if necessary, to cover the full amount of the pension plan’s assets held by the security broker or its agent.

The Broker Certification Form for volunteer fire relief associations is available at:

http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_brokercert_volunteer.pdf

Understanding the “Return to Service” Law

Legislative changes in 2009, 2010, and 2012 clarified how service pensions are calculated for volunteer firefighters who resume active service after retirement or after a break in service. A volunteer firefighter who returns to the same volunteer fire department from which he or she separated from service may now earn additional credit for service, if the break in service was at least 60 days long and if the bylaws of the relief association permit it.

The legislative changes made during the past several years provide greater flexibility for relief associations to deal with return-to-service issues and provide greater clarity to those who must calculate service pensions for members returning from breaks in service. The new law applies to all breaks in service, including approved leaves of absence, except breaks in service made available by federal or state law (e.g., military or FMLA leave). *(continued)*

Understanding the “Return to Service” Law—Continued

Statements of Position:

Considerations When Making Benefit Changes

Return to Service

Investment Authority

Governance for Fire Relief Associations

Fundraisers and Donations

The law provides any member with an approved leave of absence of one year or less an automatic exemption to the minimum period of resumption service requirement in the relief association’s bylaws. The minimum period of resumption service requirement is a requirement, separate from the vesting requirement, which a member must meet upon a resumption of service.

For relief associations that pay lump-sum or monthly service pensions, the bylaws may prohibit a member from receiving benefit increases that occurred during the break in service if the member fails to meet the resumption of service requirement before ceasing firefighting duties again. The law also allows the relief association, through its bylaws, to exempt members with a break in service (*e.g.*, an unapproved leave) not exceeding one year from the resumption service requirement, provided that the member has not been paid a benefit.

The new law provides several options so that each relief association has the flexibility to decide for itself within the limits of the law how to handle return to service issues. Additional information about the new law, including examples of how benefits are paid under different scenarios, is available in a Statement of Position at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.010>.

Information can also be found in an article for the Minnesota Fire Chief magazine, at:

http://www.auditor.state.mn.us/other/columns/UnderstandingReturntoServiceforMNFIRECHIEF_1303.pdf.

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