

Pension Division Newsletter

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Pool Fill Donations

The OSA occasionally sees proceeds deposited into a relief association’s general fund that are payments for the filling of swimming pools.

Cities and towns have authority to provide fire services. However, the filling of swimming pools for individuals in the community goes beyond fire services. While this activity may provide good will, it essentially benefits individuals and not the community as a whole. The OSA knows of no authority for a city or town fire department to fill swimming pools for individuals in the community.

A relief association should refrain from receiving any proceeds related to the fire department’s filling of swimming pools. Payments for fire services provided by a city or town fire department should be made directly to the city or town.

Annual Business Renewal

Every volunteer fire relief association must register annually as a nonprofit corporation with the Minnesota Secretary of State’s Office. If a relief association fails to register or to notify the Secretary of State of corporate name or address changes, the Secretary of State may reject the registration and dissolve the relief association’s nonprofit corporation status.

A relief association can learn of its status by going to the Secretary of State’s website. Relief associations with a renewal due date displayed as 12/31/2018 must complete the registration before December 31, 2018, or face possible dissolution of the association’s nonprofit corporation status. If a relief association has completed its registration for this calendar year, the “renewal due date” displayed on the Secretary of State’s website will read 12/31/2019.

The annual registration can be completed online at the Secretary of State’s website at:

<https://mbportal.sos.state.mn.us/Business/Search>.



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What's Ahead:

June 30:

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

August 1:

The 2018 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:

First certification deadline for 2018 fire state aid. To be certified as eligible, all 2017 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Military Breaks in Service

Relief associations are required under state and federal law to provide service credit to members who are absent from firefighting service due to military service. Members who are absent from the relief association due to a military break in service are treated for pension purposes as though they were active. This is true regardless of whether the member voluntarily enlisted or was called upon as a member of the National Guard.

The service credit provided under state and federal law is subject to certain limitations and restrictions. To be eligible for the service credit, the member must provide notice to the fire department that he or she is leaving to provide military service, unless it is not feasible to provide that notice due to the emergency nature of the situation. It is recommended that both written and verbal notice be provided. The member must also return to firefighting service with coverage by the same relief association upon discharge and must be honorably discharged. Upon reemployment, members are not required to remain in active status for any minimum length of time.

Military service credit is generally capped at five years, although there are exceptions for many active duty periods. For example, operations Iraqi Freedom and Enduring Freedom are not counted against the five-year limit. The five-year limit is a cumulative limit, per employer. So, if a member of a relief association was absent to provide military service for three years, resumed active service with the fire department and then was absent for another three years, the member generally would only receive five years of active service credit for the military break.

Financial and Investment Report

The State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2016, is now available. The Report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. Annual benefit levels, municipal contribution amounts, fire state aid amounts, and rates of return for each relief association are included in the Report.

To view the complete Report, go to the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20180320.001>.

Authorized Administrative Expenses

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](#)

As a reminder, Special Fund assets may be only disbursed for purposes expressly authorized under Minnesota law. Authorized Special Fund disbursements include service pensions, disability and survivor benefit payments, and certain authorized administrative expenses. Administrative expenses that may be paid from the Special Fund include office expenses, officer salaries, training fees, and professional expenses. Two common compliance issues that occur with Special Fund disbursements relate to salaries and professional fees.

State law allows salaries to be paid from the Special Fund to the officers of a relief association, or their designees. Salaries to other trustees of the board may be paid from the Special Fund only if the salary amounts are approved by the governing body of the entity that is responsible for meeting any minimum financial obligation to the relief association. For example, if a relief association is affiliated with a city fire department, salary amounts for non-officer trustees must be approved by the city council before they may be paid from the Special Fund.

The OSA’s Sample Bylaw Guides provide sample language for relief associations wishing to pay Special Fund salaries, and include an attachment to list salary amounts.

Members of the board of trustees may be reimbursed from the Special Fund for reasonable and necessary expenses actually *paid* and *incurred* in the performance of their duties as members of the board. All other non-salary payments (such as per diems) to board members should be paid from the relief association’s General Fund.

The professional expenses that a relief association may pay from the Special Fund are limited to authorized “audit, actuarial, medical, legal, and investment and performance evaluation expenses.” Authorized legal fees are reasonable fees paid directly to an attorney or a law firm for work necessary for maintaining, protecting, or administering the Special Fund.

Additional information regarding Special Fund disbursements is available in our Statement of Position on this topic, which can be viewed at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.003>.

Statements of Position:

[Checking Accounts for Fire Departments and Relief Associations](#)

[Fundraisers and Donations](#)

[Records Management for Relief Associations](#)

[Retention of Records](#)

Consultant Insurance Requirement

Minnesota law places conditions on consultants who provide legal or financial advice to volunteer fire relief associations. If a relief association hires or contracts with a consultant, the association must obtain from the consultant a copy of the consultant’s certificate of insurance.

A consultant is defined as any person who is employed under contract to provide legal or financial advice and who is or who represents to the relief association that the person is: an actuary; a certified public accountant; an attorney; an investment advisor or manager, or an investment counselor; an investment advisor or manager selection consultant; a pension benefit design advisor or consultant; or any other financial consultant.

Large Public Pension Plan Investment Report

The State Auditor released the Large Public Pension Plan Investment Report for the year ended December 31, 2016. The report contains in-depth analysis of rate of return, asset allocation, and benchmark comparison information for the Bloomington Fire Department Relief Association and the St. Paul Teachers’ Retirement Fund Association. Information for the Minnesota State Board of Investment is also provided.

To view the complete report, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20180411.000>.

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