

Pension Division Newsletter

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State Auditor’s Working Group

The first meeting of the Volunteer Fire Relief Association Working Group convened by the Office of the State Auditor (OSA) is set for October 1 from 11:00 a.m. to 1:00 p.m. in the first floor board room at the Retirement Systems Building in Saint Paul, at 60 Empire Drive, Saint Paul, MN 55103.

Additional Working Group meetings have been scheduled for October 22, November 8, November 26, and December 17. Meetings are open to the public. Agendas and materials will be available on the Working Group page of the [OSA website](#).

2019 Fire and Supplemental State Aid

The OSA is pleased to announce that nearly 75 percent of volunteer fire relief associations and other pension plans met all reporting requirements to be certified as eligible for the Department of Revenue to determine their qualification for 2019 fire and supplemental state aid in the first round of aid disbursements. Both state aid distributions will occur on or about October 1 for those plans certified by the OSA and deemed by the Department of Revenue as qualified to receive state aid.

A list of the 2019 fire and supplemental state aid amounts will be posted on the [OSA’s website](#) at the end of September. A notice will be sent by e-mail when the state aid list is posted.

If your relief association has not yet submitted its 2018 reporting-year forms to the OSA, please do so as soon as possible. The second certification deadline for 2019 fire and supplemental state aid is November 1.

To be certified as eligible for receipt of state aid in the second round of payments, a relief association must have submitted all required 2018 reporting information to the OSA with enough time for the OSA to complete its review and for all issues identified by the OSA to have been satisfactorily resolved by the relief association before November 1.



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What’s Ahead:

October 1:

Fire state aid is paid for those relief associations certified as eligible on the first certification deadline.

October 1:

Working Group meeting from 11:00 a.m. to 1:00 p.m. at the Retirement Systems Building.

October 22:

Working Group meeting from 11:00 a.m. to 1:00 p.m. at the Retirement Systems Building.

November 1:

Second certification deadline for 2019 fire state aid.

November 30:

Final deadline for submitting 2018 reporting-year forms to avoid forfeiture of fire state aid.

Below-Investment-Grade Bonds

The OSA occasionally sees compliance issues when relief associations do not stay within investment portfolio limits set in statute.

A relief association has authority to 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 portion of these mutual funds that include below-investment-grade bonds are counted toward the five-percent portfolio limit.

All unrated bonds are also counted toward the five-percent portfolio limit.

Consider an example. A relief association has \$15,000 invested in a balanced mutual fund with 40 percent of its holdings allocated to bonds. Of these bonds, 20 percent are below-investment-grade and five percent are unrated. Of this mutual fund’s holdings, \$1,500 would count toward the relief association’s total portfolio limit of five percent on below-investment-grade bonds.

Additional information about relief association investment authority is provided in our Statement of Position on this topic, which can be accessed on the [OSA website](#).

Be Aware of Phishing Scams

Relief associations, just like individuals, may be targets of “phishing” scams. The scammer sends an e-mail or text message that tries to trick you into providing sensitive relief association information. Often the phishers claim to be from an organization that works with the relief association.

If you receive a message asking for the relief association’s financial information, including bank account numbers or other sensitive information, do not reply and do not click on any links in the message. If the message appears to be from an organization that you know, the Federal Trade Commission (FTC) recommends that you contact the organization by using a telephone number that you know to be genuine or by opening a new Internet browser session and typing in the company’s correct Web address. Tips for recognizing and avoiding phishing scams is provided on the [FTC website](#).

Special Fund Deposit Errors

Statements of Position:

Special fund assets may be disbursed only for purposes expressly authorized under Minnesota law. The special fund may be used to pay benefits, such as service pensions, disability benefits, and survivor benefits, and certain fees and other expenses specifically authorized by law.

Special and General Funds, and Charitable Gambling Funds

Administrative expenses, that is, necessary, reasonable and direct expenses of maintaining, protecting and administering the special fund, may be paid out of the special fund as long as such payments are permitted by law, provided for in the bylaws, and properly approved by the board of trustees.

Joint Powers Fire Departments and Fire Districts

Funds erroneously deposited into a relief association’s special fund cannot be taken out of the special fund unless the relief association obtains specific written authorization from the OSA.

Management of Records

The OSA has authority, after a relief association has presented evidence that the deposit error occurred in good faith, to order the transfer from the special fund to the appropriate fund or account an amount equal to the funds deposited in error.

Relief Association Governance

If a relief association discovers that funds have been deposited into the special fund in error, please contact the OSA right away. Funds cannot be transferred from the special fund unless and until a relief association obtains written authority from the OSA.

Pension Division Staff

If you have questions, please contact us:

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