



August 2007

Pension Division Newsletter

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Edward Jones Investment Brokers

It has come to the attention of the Office of the State Auditor that the Edward Jones investment company has made a corporate decision to no longer invest assets for volunteer fire relief associations in Minnesota. There are currently about 90 volunteer fire relief associations in the State that invest with Edward Jones. These relief associations will need to contact their broker with instructions on where to transfer their assets. Each affected relief association should promptly make preparations to hold a meeting of its board to discuss investment options and vote on an intended course of action.

As you weigh your different investment options, one option available to relief associations is investing through the State Board of Investment (SBI)'s Supplemental Fund. If you would like additional information regarding the SBI please view its website at www.sbi.state.mn.us or call (651-296-3328).

Finally, when considering investment options, relief associations should be aware that transferring or liquidating assets may result in investment fees. Liquidating mutual funds may result in back end load fees, while purchasing mutual funds may result in up front sales fees. Relief associations should understand how their new advisor or broker is compensated. Ask your advisor or broker to explain their compensation structure and the fees associated with the relief association's investments.

If you have questions or concerns regarding this matter please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us. If your relief association transfers assets and uses the services of an investment advisor or broker, please remember to provide your new advisor or broker with a copy of your association's investment policy. The new advisor or broker must also sign the Broker Certification form.

Know Your Bylaws!

It is very important that relief association trustees and members read and understand their bylaw provisions. Our pension analysts have received inquiries from trustees about bylaw language that was adopted but does not reflect the relief association's intent. Most recently, we received a call from a relief association trustee in regard to a deferred member of the relief association that had passed away. The relief association had amended its bylaws with the help of a consultant, and did not realize that the new bylaws did not allow for the payment of a benefit in this instance. This is a cautionary tale for all of us in that these documents are of critical importance to your members.

If there are provisions that you do not understand in your bylaws, or language that you think is missing, consult an attorney. While the Office of the State Auditor can not give legal advice, our pension analysts are available to discuss general bylaw questions and the applicable statutory provisions.

Working Group

The Volunteer Fire Relief Association Working Group will convene again this fall. As you may recall, the Working Group was formed by the Office of the State Auditor in 2004 to bring together the major volunteer fire relief association stakeholders to develop relationships, facilitate communication, discuss relief association issues, and make the pension process easier and more effective. Legislative proposals of the Working Group became law in 2005 and 2006.

The Working Group this year will meet to identify and work through current and pressing relief association issues. Please feel free to forward any topics that you would like the Working Group to consider to Rose Hennessy Allen. Future newsletters will provide meeting dates and times. Meeting agendas and minutes will be posted on the Office of the State Auditor's website, along with a list of the current Working Group members.

Training Opportunities

The Pension Division conducts free training sessions throughout Minnesota each spring. Topics for upcoming training sessions include a hands-on interactive work session with your individual bylaws, investment policies, measuring investment performance, reporting requirements and reporting forms. If you have topics that you would like considered for our free training sessions, or recommendations for training locations, please contact Gail Richie at (651) 282-6110 or Gail.Richie@state.mn.us.

If you have questions please contact us:

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