



December 2007

Pension Division Newsletter

-
- *Working Group Update*
 - *Forfeiture Deadline*
 - *Open Meeting Law Reminder*
 - *Treasurer Bonds*
-

Working Group Update

The Office of the State Auditor's Volunteer Fire Relief Association Working Group held its third meeting of the year on Tuesday, November 13. The Group discussed issues regarding ancillary benefits and deferred interest. Discussions continued from the previous meeting on whether authority should be granted to pay reduced ancillary benefits for members that are not fully vested and whether the definition of a surviving spouse should be changed.

The Working Group decided not to make any recommendations to extend one of the deferred interest options, the "OSA Return" option, that is set to expire at the end of 2008. The Group also considered making changes to deferred interest allocation requirements, which was discussed further at the next meeting.

The fourth Working Group meeting was held on Thursday, November 29. The Group continued discussions on ancillary benefits and deferred interest from the prior meeting, and also discussed investment issues and the FRPAS computer program. The members decided to add a definition of the term "ancillary benefit" to its legislative proposal, and also decided to clarify state law by requiring that permanent disability and survivor benefits for active members be equal to a member's "total earned service pension." This means that the benefits would be equal to the member's years of service times the annual benefit level. Reductions would not be made to permanent disability or survivor benefits for active members that serve less than 20 years. The Working Group also adopted a change to the definition of the term "surviving spouse."

The deferred interest discussion focused on the requirement that interest be allocated monthly for members that separate under certain interest options. The members decided to allow greater flexibility for allocating deferred interest by allowing interest to be allocated on a monthly basis or a calendar year basis.

Finally, the Working Group tackled investment issues by reviewing the title to assets authority and "other investments" limitations. The members came to an agreement on both topics and will review draft legislation at the next meeting.

As you know, the changes adopted by the Working Group are merely proposals for the legislature to consider. They do not become law unless and until they are passed by the legislature, and signed by the Governor.

Meeting agendas, minutes, and other materials will be posted in the Fire Relief Association Working Group section of our website at www.auditor.state.mn.us. The next Working Group meeting is Thursday, December 6, from 12:00 pm to 2:00 pm at our Saint Paul office. (Note meeting time change.) The Working Group will discuss return to service issues at its next meeting, and will review draft legislation for the items that have obtained consensus. If you have questions regarding the Working Group please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

Forfeiture Deadline

The Office of the State Auditor is pleased to announce that all relief associations submitted their 2006 reporting forms prior to the forfeiture deadline on November 30. This is the first time since the 2002 reporting year that everyone submitted their forms to avoid forfeiture of state fire aid. Thank you to the relief association trustees, municipal representatives, accountants, and the Pension Division team that worked right up to the deadline to ensure that reporting forms were submitted.

Open Meeting Law Reminder

Please remember that relief associations are subject to Open Meeting Law requirements. This means that relief association meetings must be open to the public unless the meeting is closed for a purpose expressly authorized under state law. Relief associations must keep meeting minutes that record the votes on actions taken during open meetings and the minutes must be open to the public during normal business hours where records of the association are kept. The Open Meeting Law also contains notice requirements, and requirements for providing meeting materials to the board members and making the materials available in the meeting room for public inspection.

The Information Policy Analysis Division (IPAD) of the Department of Administration has the authority to review Open Meeting Law questions and to issue advisory opinions about these issues. IPAD can be contacted by telephone at (651) 296-6733; by mail at Information Policy Analysis Division, 201 Administration Building, 50 Sherburne Avenue, Saint Paul, MN 55155; or via its website at www.ipad.state.mn.us. Information regarding Open Meeting Law requirements, including a PowerPoint presentation, is available on the IPAD website.

Treasurer Bonds

The Pension Division is seeking information from relief associations about their treasurer bonds. Some relief associations have said that it is difficult to find bond companies that offer bonds not subject to a deductible. We would like to hear from you to see if others are having similar difficulties, and/or what your experience has been. If you are willing to share your experiences regarding treasurer bonds please contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

If you have questions please contact us:

Paul Rosen, Pension Analyst
(651) 282-5430 Paul.Rosen@state.mn.us

Luke Hinz, Pension Analyst
(651) 296-6279 Lucas.Hinz@state.mn.us

Rose Hennessy Allen, Pension Director
(651) 296-5985 Rose.Hennessy-Allen@state.mn.us

Aaron Dahl, Pension Analyst
(651) 297-2765 Aaron.Dahl@state.mn.us

Stephen McDaniel, Student Intern
(651) 282-2391 Stephen.McDaniel@state.mn.us

Gail Richie, Office Specialist
(651) 282-6110 Gail.Richie@state.mn.us