

# Pension Division Newsletter

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## Reporting Reminder

The 2013 reporting-year forms for volunteer fire relief associations with less than \$500,000 in assets and less than \$500,000 in liabilities are due to the Office of the State Auditor (OSA) by March 31, 2014. While relief associations with assets and liabilities below the new statutory threshold need not obtain an audit, the financial Reporting Form must be certified by an independent public accountant or auditor.

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

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

Relief associations with assets or liabilities of at least \$500,000 must submit an audit report and reporting forms. The audit report and reporting forms are due by June 30, 2014.

Detailed instructions for accessing the online reporting forms, along with helpful hints for completing them, can be viewed in a PDF document available on the OSA website at:

[http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf\\_infoandhelpfulhints.pdf](http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_infoandhelpfulhints.pdf).



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## 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, 2012. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations.

To view the complete report, which includes an Executive Summary, tables, and graphs, go to:

<http://www.auditor.state.mn.us/default.aspx?page=20140319.000>.

**What's Ahead:**

**March 31:**

Reporting forms for relief associations with assets and liabilities of less than \$500,000 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 and liabilities of at least \$500,000 are due to the Office of the State Auditor.

**August 1:**

The 2014 Schedule Form and 2014 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

## 2014 Supplemental Benefit Reimbursement Amounts

A listing of the 2014 supplemental benefit reimbursement amounts is now available on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20140325.006>.

The supplemental benefit reimbursements were disbursed on or about March 15, 2014, for relief associations that submitted reimbursement application forms to the Department of Revenue (DOR) by February 17, 2014.

If your relief association paid supplemental benefits during the preceding year but did not submit a reimbursement application form to the DOR by the February 17 deadline, your association may still be eligible to receive reimbursement in March 2015 if a reimbursement application is submitted to the DOR. The form to file for reimbursement in March 2015 will be available on the DOR website in mid-November, and will be due to the DOR by February 15, 2015.

Information regarding supplemental benefit reimbursements is available on the DOR website at:

[http://www.revenue.state.mn.us/local\\_gov/prop\\_tax\\_admin/Pages/sbr.aspx](http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/sbr.aspx).

## IRS Filing and Application Fees

Relief associations have specific authority to pay filing and application fees (such as IRS fees) from a relief association's Special Fund. The fees must be payable to federal or other governmental entities. Penalties and fines are excluded from the list of authorized Special Fund expenses. Relief associations therefore do not have authority to pay penalties or fines from their Special Fund. Any penalties or fines incurred by a relief association must be paid from the association's General Fund.

Additional information regarding authorized Special Fund expenses is provided in the OSA's Statement of Position on this topic, which can be viewed at:

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

## Legislative Update

### 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

The Legislative Commission on Pensions and Retirement heard the Working Group’s legislative proposals and voted to include them in the 2014 Omnibus Retirement Bill. This bill is making its way through the legislative process.

Most of the Working Group proposals are technical corrections or clarifications. The changes include a clarification that the five-percent portfolio limit on investment in below-investment-grade bonds applies to both domestic and international bonds that fall into that category.

Another change simplifies the bylaw ratification process for relief associations affiliated with an independent nonprofit firefighting corporation. Under the proposal, the board of the independent nonprofit firefighting corporation may ratify relief association bylaw and benefit changes instead of each change having to be ratified by each contracting municipality. This change ensures that the entity responsible for paying any required contribution to the relief association is ratifying benefit levels.

Information about the Working Group and a copy of the Group’s 2014 bill can be viewed at:

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

There is a bill being heard by the Legislature this year that also has the potential to impact volunteer fire relief associations. This bill was not developed by the Working Group.

The bill would correct a mistake that occurred when the new supplemental state aid program was enacted last year. The legislation that created the new supplemental state aid program inadvertently omitted from the aid distribution relief associations affiliated with independent nonprofit firefighting corporations. This year’s bill would correct the mistake going forward, and possibly make a retroactive correction to give an additional allocation to relief associations omitted from last year’s aid distribution.

The bill numbers for this proposal are H.F. 2427 / S.F. 1951 and its progress can be tracked at:

<https://www.revisor.mn.gov/bills/bill.php?b=House&f=HF2427&ssn=0&y=2013>.

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

## Broker Certification Form Reminder

**Statements of Position:**

Volunteer fire relief associations and other local public pension plans using the services of a broker must complete the OSA's uniform Broker Certification Form.

Retention of Records

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 OSA with the relief association's annual reporting forms.

Considerations When Making Benefit Changes

If any portion of the relief association'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 relief association's assets held by the security broker or its agent.

Deferred Interest

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

Paying a Defined-Benefit Lump-Sum Service Pension

[http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf\\_brokercert\\_volunteer.pdf](http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_brokercert_volunteer.pdf)

Survivor Benefits

Information regarding authorized investments and investment portfolio limitations can be found in the OSA's Statement of Position on this topic, at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.006>

## Pension Division Staff

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