

Pension Division Newsletter

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Working Group Update

The 2014-2015 Volunteer Fire Relief Association Working Group bill has been introduced in the House and in the Senate. The bill is H.F. 826 (Murphy, M.), S.F. 884 (Rosen, Pappas).

You can view the bill text and monitor its status in the House at: <http://www.house.leg.state.mn.us/bills/billnum.asp?Billnumber=hf826>, and in the Senate at:

<http://www.senate.leg.state.mn.us/bills/billinf.php?billnum=sf884>.

Information about the Working Group and its legislative proposals can be found on the Office of the State Auditor (OSA) website at:

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

We will continue to keep you updated on the progress of the bill.

Fire Equipment Certification Form

The 2014 Fire Equipment Certification (FA-1) Form is due to the Minnesota Department of Revenue by March 15, 2015. Submission of the form is required for communities to be eligible for 2015 fire state aid. Five percent of a community's fire state aid is forfeited for each week or fraction of a week that the form is submitted past the March 15 due date.

A copy of the FA-1 Form and a list of fire departments for which the form has been received are provided on the Minnesota Department of Revenue's website at:

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/fsa.aspx.

Relief Association Training Sessions

The Office of the State Auditor will be conducting six training sessions in April. The training sessions will be held at four locations in Greater Minnesota and at our office in Saint Paul. Watch your e-mail for the invitation and registration form that will be coming soon!



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Survivor Benefits and Beneficiaries

What's Ahead:

March 15:

Fire Equipment Certification Form (FA-1 Form) is due to the Department of Revenue.

March 15:

Supplemental benefit reimbursements are paid by the State to the municipality, for transfer to the affiliated relief association, for qualified reimbursement requests received by the Department of Revenue by February 15.

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.

Relief associations may authorize in their bylaws payment of survivor benefits to a surviving spouse, surviving children, or designated beneficiaries of deceased volunteer firefighters. If a relief association chooses to offer survivor benefits, the order of eligibility for the benefits is defined by State law.

The survivor benefit must be paid to the surviving spouse of the deceased firefighter. If there is no surviving spouse, the benefit must be paid to the surviving children. If there is no surviving spouse and there are no surviving children, the survivor benefit must be paid to the designated beneficiary and, if no beneficiary was designated, the benefit must be paid as a death benefit to the estate if the deceased firefighter was active or deferred.

Relief associations therefore cannot recognize a beneficiary designation if a firefighter has a surviving spouse or surviving children. There is one exception, however, for firefighters without surviving children. If a firefighter has no surviving children, the firefighter's surviving spouse may waive, wholly or partially, the spouse's entitlement to a survivor benefit. The waiver must be in writing. If the surviving spouse has waived entitlement, the survivor benefit may be paid to a designated beneficiary.

Finally, for members of a defined-contribution plan, or a defined-benefit lump-sum or monthly/lump-sum combination plan where the member has elected a lump-sum benefit, a trust created under Minnesota Statutes, Chapter 501B, may be a designated beneficiary.

Additional information about calculating survivor benefits, survivor supplemental benefits, and the order of eligibility for collecting a survivor benefit can be found in our Statement of Position on this topic, at:

<http://www.auditor.state.mn.us/default.aspx?page=20120315.001>.

We have noted some confusion regarding the definition of the term "surviving spouse." The definition of the term "surviving spouse" was removed from Chapter 424A of Minnesota Statutes in 2010. To avoid a conflict with the way that term is currently used in probate proceedings, the term should not be defined in a relief association's bylaws.

A sample designation of beneficiary form is available on the OSA website at: <http://www.auditor.state.mn.us/Other/pensionDocs/DesignationOfBeneficiaryForm1014.pdf>.

How to Sign Forms in SAFES

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

Forms submitted through the State Auditor’s Form Entry System (SAFES) are available for viewing and signing about 24 hours after they have been successfully uploaded. You will receive a confirmation ID for each form that uploads successfully.

After waiting 24 hours following the successful form upload, log into SAFES at: <https://www.auditor.state.mn.us/safes>.

If this is your first time logging into SAFES this year, you will be asked to verify your contact information. Review your contact information on the “Contact Information” tab. Make any necessary updates and then click the “Verify” button.

Next, select the “Forms” tab. Forms are grouped by reporting year. For example, to view your relief association’s 2015 Schedule Form, click on the “Forms” tab and then choose the year “2015.” To view your relief association’s 2014 Reporting Form, click on the “Forms” tab and then choose the year “2014.”

A list of your relief association’s required and submitted reporting forms is displayed for each reporting year, along with the status of each form.

Forms that are available for signing electronically will have a blue “View Form” link next to the form name. Click on the blue link to view the form. If the information on the form is accurate, sign the form by clicking the “Sign Form” button. After you click the button, a 32-character unique identifier is displayed on the form, which represents your electronic signature. If you have questions regarding any of the information on the form, contact the individual who submitted it for clarification.

If you would like to electronically sign your relief association’s reporting forms but are unable to locate your SAFES password, you can request a new password at: <https://www.auditor.state.mn.us/safes/PasswordRecovery.aspx>.

Enter your username or e-mail address and a new temporary password will be generated and e-mailed to you. After logging in with this temporary password, you can change the password by clicking on the “User Maintenance” tab within SAFES. Usernames are generally your e-mail address or “FirstName.LastName.”

Statements of Position:

[Allocations and Deductions for Defined Contribution Plans](#)

[Fundraisers and Donations](#)

[Investment Policies](#)

[Investment Authority](#)

Forms Redesign Project Update

The OSA has begun redesigning the pension reporting forms to make the forms more user-friendly and to streamline the reporting process. A volunteer user testing group of relief association trustees, municipal finance officers, accountants, and investment brokers has begun helping with the redesign. The first phase of the project began this month with a brainstorming meeting with members of the testing group. We are now conducting an extensive evaluation of our internal systems and processes to identify efficiencies and areas for improvement. We will continue to keep you updated on the progress of the project.

Payment of Professional Fees

Special Fund assets may be disbursed only for purposes expressly authorized under Minnesota law. Authorized Special Fund disbursements include service pension, disability, and survivor benefit payments and certain authorized administrative expenses. A common compliance issue that occurs with Special Fund disbursements relates to professional fees.

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

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