

Pension Division Newsletter

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Training for Relief Associations

The Office of the State Auditor (OSA)'s Pension Division is offering free training sessions to relief association officers, municipal trustees, investment brokers, and accountants and auditors. Six training sessions are being held between April 2 and April 23 at locations in Greater Minnesota and at our office in Saint Paul.

The training invitation, which includes the training agenda, dates, locations, and a registration form, can be downloaded at:

<http://www.auditor.state.mn.us/forms/pen/2015TrainingRegistration.pdf>.

Seating is limited, so please register early. Please complete and submit one registration for each attendee. E-mail completed registrations to pension@osa.state.mn.us.

Working Group Update

The Working Group bill was heard by the Legislative Commission on Pensions and Retirement (LCPR) on March 10. The LCPR is the first stop in the legislative process for pension bills. The Working Group proposals were adopted in their entirety and included in the Omnibus Retirement Bill that will now move on to policy committees within the House and the Senate.

The LCPR adopted one amendment to the Working Group bill. The amendment would make permanent for volunteer firefighters the supplemental state aid program that was created during 2013.

The supplemental state aid program allocates \$5.5 million annually in state aid to volunteer firefighter pensions. The program is currently set to expire when the State Patrol Retirement Plan and the PERA Police and Fire Plan are both at least 90 percent funded. Making the aid program permanent for volunteer fire relief associations would provide consistency and help with the long-term projection of funding resources.

Information about the Working Group and its legislative proposals can be found on the OSA website at: <http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>.

What's Ahead:**March 31:**

Reporting forms for relief associations with assets and liabilities of less than \$500,000 are due to the OSA.

March 31:

Investment Business Recipient Disclosure Form is due to the LCPR.

April 2 & 7:

Relief association training session at OSA.

April 8:

Relief association training session at New Ulm Fire Hall.

April 15:

Relief association training session at Saint Joseph Fire Hall.

April 22:

Relief association training session at Grand Rapids Fire Hall.

April 23:

Relief association training session at Duluth Fire Training Center.

Financial and Investment Report

The Office of the State Auditor (OSA) released the Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2013. The report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. The report includes fire state aid amounts, municipal contribution amounts, annual benefit levels, funding ratios, and rates of return.

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

<http://www.auditor.state.mn.us/default.aspx?page=20150302.000>.

Reporting Reminder

The 2014 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 OSA by March 31, 2015.

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 a certified public accountant**. The certification is satisfied when a certified public accountant signs the certification on the last page of the Reporting Form, or when the certified public accountant signs and submits a separate attestation report.

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, 2015.

Detailed instructions for accessing the online reporting forms, along with helpful hints for completing them, can be viewed at:

http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_infoandhelpfulhints.pdf.

Please remember to submit all amendments to your relief association's bylaws that were adopted during 2014, and copies of the relief association and municipal meeting minutes or resolutions reflecting approval of the changes. Any changes to your investment policy adopted during 2014 should also be provided.

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

2015 Supplemental Benefit Reimbursement Amounts

A listing of the 2015 supplemental benefit reimbursement amounts is now available on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20150325.000>.

The supplemental benefit reimbursements were disbursed on or about March 15, 2015, for relief associations that submitted reimbursement application forms to the Department of Revenue (DOR) by February 15, 2015.

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 15 deadline, your association may still be eligible to receive reimbursement in March 2016 if a reimbursement application is submitted to the DOR. The form to file for reimbursement in March 2016 will be available on the DOR website in mid-November, and will be due to the DOR by February 15, 2016.

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.

Investment Business Recipient Disclosure Form

Relief associations are required to annually submit by March 31 a completed Investment Business Recipient Disclosure Form to the Executive Director of the LCPR.

The form requires the chief administrative officer of the relief association to list all the recipients of investment business with respect to investments made by the association. The completed form must be signed by the relief association president.

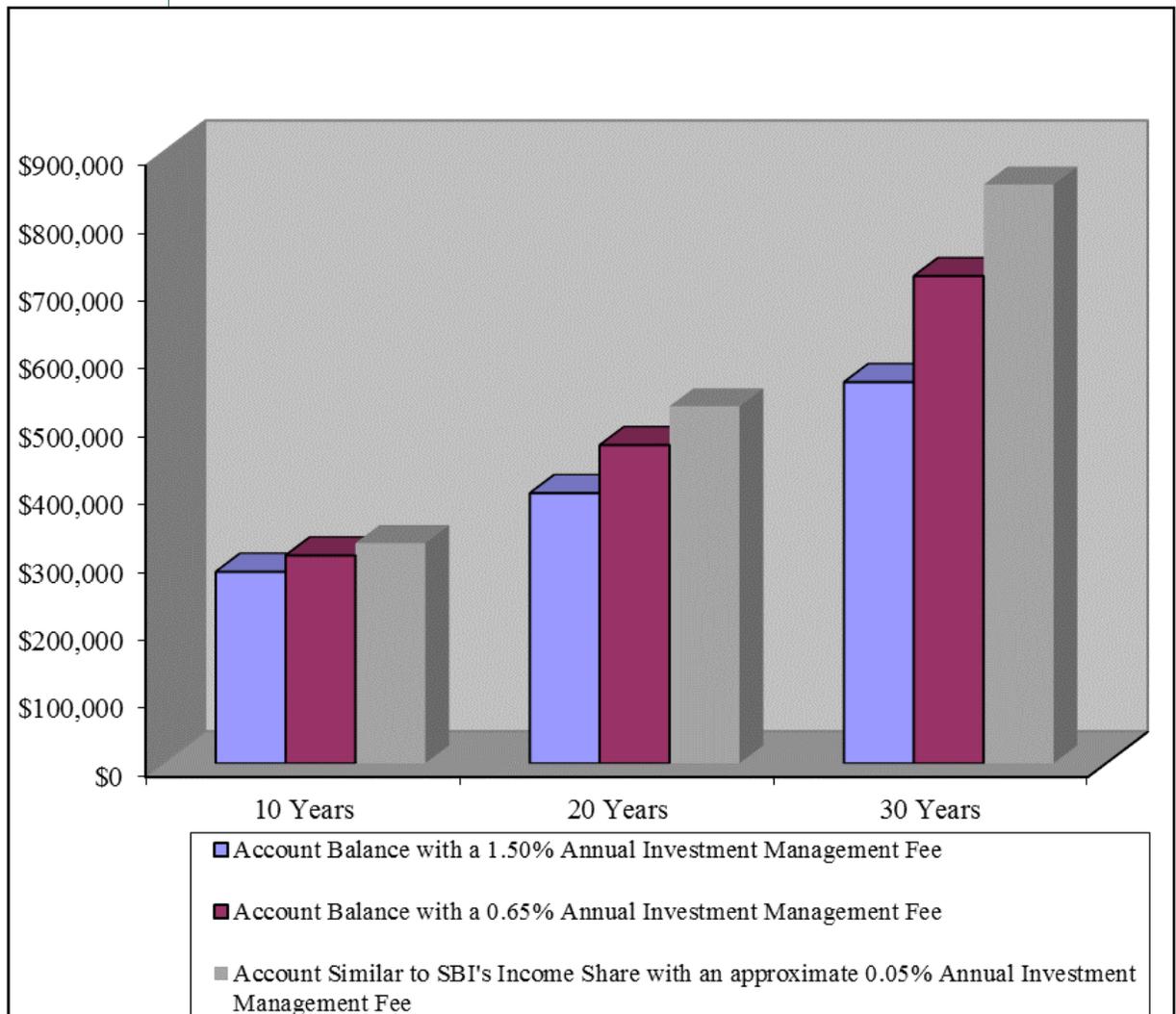
A copy of the form is available on the OSA website at:

http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_recipientDisc_form.pdf.

Investment Management Fees

Financial institutions charge different types of fees for managing investment accounts. It is important for relief associations to understand the fees charged. Fees can reduce earnings and lower account balances over time.

The chart below compares the impact various fee scenarios can have on the performance of a relief association's investment account over time. Higher fees can have a significant impact on a relief association's earnings and reduce the value of its account over time.



This is a hypothetical example for illustrative purposes only and not indicative of any investment plan. The figure assumes an account with a beginning balance of \$200,000, an annual rate of return of 5.0 percent, and no withdrawals. Actual rates of return may vary and will depend on a number of different factors, including a relief association's choice of investment options.

Statements of Position:

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

[Fundraisers and Donations](#)

[Investment Policies](#)

[Investment Authority](#)

Investment Performance Information

Statute requires the OSA to annually provide information to volunteer fire relief associations on the investment performance of the Minnesota State Board of Investment and on the voluntary Statewide Plan administered by the Public Employees Retirement Association.

A document providing this information can be found on our website at:

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

Large Plan Investment Report

The OSA released the Large Public Pension Plan Investment Report for the year ended December 31, 2013. The public pension plans included in the report are the Bloomington Fire Department Relief Association, the Duluth Teachers' Retirement Fund Association, and the St. Paul Teachers' Retirement Fund Association. The SBI, which is referenced frequently in the report, is not a pension plan but invests the assets of certain public employee pension plans.

The report contains in-depth analysis of rate of return, asset allocation, and benchmark comparison information. The report also provides information and graphic representation of funding ratios, unfunded liabilities, net assets, and administrative expenses.

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

<http://www.auditor.state.mn.us/default.aspx?page=20150309.000>.

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