

# Pension Division Newsletter

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## Joint Powers Subgroup

The Fire Department Joint Powers Subgroup met on July 13. The Subgroup discussed issues related to the dissolution of a joint powers fire department and its affiliated relief association. The Subgroup members also discussed best practice suggestions for when fire departments consolidate, or when joint powers fire departments dissolve or partially split.

Finally, the Subgroup reviewed draft legislation that would expand the optional combined service pension program for volunteer firefighters with service in more than one fire department, make technical changes in the relief association statutes for relief associations affiliated with a joint powers fire department, and create new joint powers provisions specific to fire departments.

The next meeting of the Subgroup is Tuesday, August 4, at 1:30 p.m. at our office in Saint Paul. Meetings are open to the public and those interested are encouraged to attend. Subgroup information is available at:

<http://www.auditor.state.mn.us/default.aspx?page=20150612.000>.



Office of the State Auditor  
 Pension Division  
 525 Park Street, Suite 500  
 Saint Paul, MN 55103  
 (651) 282-6110  
 Fax: (651) 282-5298  
[pension@osa.state.mn.us](mailto:pension@osa.state.mn.us)

## Reporting Reminder

The 2014 reporting-year forms for volunteer fire relief associations were due to the Office of the State Auditor (OSA) by March 31 or by June 30, depending on the size of your relief association's assets and liabilities. If you have not yet submitted your 2014 reporting-year forms, please do so as soon as possible. Late reporting forms may result in a delay in receiving your 2015 fire state aid.

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

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

Please contact the Pension Division of the OSA with any questions about your reporting forms or reporting requirements.

**What's Ahead:**

**August 1:**

The 2015 Schedule Form and 2015 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

**August 4:**

Joint Powers Subgroup Meeting from 1:30 p.m. to 3:30 p.m. at the OSA

**September 15:**

First certification deadline for 2015 fire state aid. To be certified as eligible, all 2014 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

## Schedule Form Reminder

The 2015 Schedule Form for lump-sum volunteer fire relief associations must be certified on or before August 1, 2015. The certification must be made by the entity responsible for satisfying the minimum required contribution to the relief association's special fund. If a relief association is affiliated with a city fire department and the city is responsible for satisfying any contribution requirement, the Schedule Form must be certified by the city council.

The 2015 Schedule Form is designed to help determine the relief association's projected assets and liabilities for 2015 and the minimum required contribution for 2016. The Schedule Form is available for download from the State Auditor's Form Entry System (SAFES) at: <https://www.auditor.state.mn.us/safes/>.

For additional information about required contributions, see the OSA's Statement of Position on this topic at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.009>.

Relief associations are encouraged to submit their Schedule Form to the OSA following certification so that a preliminary review of the form data can be conducted.

## Membership Age Restrictions

The OSA has received questions about relief association bylaw provisions that limit application for membership in the association. For example, some bylaws limit relief association membership to firefighters who are younger than 35.

While volunteer fire relief associations are prohibited from accepting firefighters who are younger than 18 into membership, specifying a maximum age for membership application may be problematic.

Denial of relief association membership where the sole basis for the denial is age may be age discrimination. Also, bylaw provisions that specify a maximum age for membership application may not be enforceable.

Relief associations should consult their attorneys for guidance if their bylaws contain age-based membership restrictions.

## Maximum Benefit Levels

### 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

Volunteer fire relief associations that offer or pay lump-sum, monthly, or monthly/lump-sum combination service pensions must annually calculate the average amount of available financing per active covered firefighter.

The OSA provides the Maximum Benefit Worksheet to help relief associations perform this calculation. The calculation determines the maximum lump sum and monthly benefit levels the relief association is authorized to establish for the year. Relief associations are to perform the maximum benefit calculation on or before August 1 as part of the association’s annual certification of the financial requirements and minimum municipal obligation.

A relief association does not have the authority to set a benefit level higher than the maximum level, even if the benefit level is ratified by the affiliated municipality. It is very important for relief association trustees and municipal officials to monitor maximum benefit levels.

A relief association may find that it is operating at a benefit level higher than the calculated maximum benefit level. A relief association may continue to operate at a benefit level higher than the allowable maximum benefit level: 1) if the benefit level was properly adopted; and 2) if it was at or below the allowable maximum benefit level when it was established; and 3) if the decrease to the calculated maximum benefit level was due to either a decrease in fire state aid or an increase in the number of active members during the three-year period on which the calculation is based.

Relief associations that qualify to be “grandfathered in” at their current benefit level cannot increase their benefit level until the annual calculation shows that an increase is allowed.

Maximum Benefit Worksheet forms are available at:

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

For additional information about maximum benefit levels, see our Statement of Position on this topic at:

<http://www.auditor.state.mn.us/default.aspx?page=20110531.003>.

## Municipal Ratification of Benefit Levels

**Statements of Position:**

Many relief associations review their finances in the summer after completing their annual Schedule Form and determine whether to seek a change to their benefit levels.

[Paying a Lump-Sum Service Pension](#)

As a reminder, a relief association initiates a change in benefit levels by amending its bylaws. A city council or town board can choose to approve a relief association benefit change or choose not to approve the change. Once the bylaws are ratified by the governing body, however, the benefit levels are guaranteed by the municipality.

[Maximum Benefit Levels](#)

In approving benefit levels, the city council or town board assumes responsibility for ensuring the relief association special fund has sufficient assets to cover approved benefit levels.

[Required Municipal Contributions to Fire Relief Associations](#)

The OSA knows of no authority for a city council or town board to ratify a relief association benefit level while simultaneously limiting any future contributions to the relief association to amounts less than those required by Minnesota law. Minnesota law is clear that a municipality is required to make any contributions that become due to the relief association at the approved benefit level.

[Investment Authority](#)

For more information regarding the process for changing relief association benefit levels, please see the OSA's Statement of Position on this topic at:

<http://www.auditor.state.mn.us/default.aspx?page=20120224.000>.

## Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst  
(651) 282-5430

Abigail Mediger, Pension Analyst  
(651) 297-2765

Ryan Sendelbach, Pension Analyst  
(651) 284-3423

[michael.johnson@osa.state.mn.us](mailto:michael.johnson@osa.state.mn.us)

[abigail.mediger@osa.state.mn.us](mailto:abigail.mediger@osa.state.mn.us)

[ryan.sendelbach@osa.state.mn.us](mailto:ryan.sendelbach@osa.state.mn.us)

Christopher Stack, Pension Intern  
(651) 296-6279

Rose Hennessy Allen, Pension Director  
(651) 296-5985

[christopher.stack@osa.state.mn.us](mailto:christopher.stack@osa.state.mn.us)

[rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us)