

Pension Division Newsletter

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Fire Department Joint Powers Subgroup

The Fire Department Joint Powers Subgroup held its last regularly-scheduled meeting on August 4. The Subgroup discussed best practice suggestions for the consolidation of fire departments. The Subgroup agreed to forward several suggested legislative changes to the Volunteer Fire Relief Association Working Group for possible inclusion in the Working Group bill.

Subgroup information is available at:

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

Annual Business Renewal Reminder

Every volunteer fire relief association must register annually as a nonprofit corporation with the Minnesota Secretary of State's Office. If a relief association fails to register or to notify the Secretary of State of corporate name or address changes, the Secretary of State may reject the registration and dissolve the relief association's nonprofit corporation status.

A relief association can check its current registration status by going to the Secretary of State's website at:

<https://mbportal.sos.state.mn.us/Business/Search>.

Relief associations with a "renewal due date" displayed as 12/31/2015 must complete the registration before December 31, 2015, or face dissolution of the association's nonprofit corporation status. If the relief association has completed its registration for this calendar year, the renewal due date will be displayed as 12/31/2016.

To complete the registration, click on the "File Amendment/Renewal" button after locating your relief association's record on the Secretary of State website. There is no fee to file the annual renewal. Relief associations are required to sign into the Secretary of State's website, and to create an online account if one has not been created previously. An account is created by entering an email address and password of your choosing.



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What's Ahead:

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.

October 1:

Fire state aid is paid for those relief associations certified as eligible on the first certification deadline.

November 1:

Second certification deadline for 2015 fire state aid.

November 30:

Final deadline for submitting 2014 reporting-year forms to avoid forfeiture of fire state aid.

Schedule Form Information

Lump-sum relief associations were required to complete the 2015 Schedule Form during July of this year and to certify the Form to the affiliated municipality or independent nonprofit firefighting corporation by August 1. Some relief association trustees have inquired whether revisions can be made to the Form later this year to take into consideration investment gains or other revenue increases that occur after August 1.

Minnesota law does not authorize any process by which a relief association may modify its Schedule Form to change projection amounts once the actual year-end amounts are known. Projected amounts on the Form are frozen as of the date of the certification. Once certified, the Form cannot be revised to update revenue or expenditure amounts that deviated from the originally-certified projected amounts. Deviations between forecasted and actual revenues and expenditures will be reflected on the 2016 Schedule Form that will be completed next year.

Additional information about the Schedule Form is provided in the July 2012 Pension Division Newsletter, which can be viewed at:

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

Fire State Aid Deadline

Relief association reporting forms were due to the Office of the State Auditor (OSA) by March 31 for relief associations with less than \$500,000 in assets and liabilities and by June 30 for relief associations that exceed this statutory threshold.

If your relief association has submitted its reporting forms but has been notified by our Pension Division team that additional information is needed, please provide the requested information as soon as possible. The first certification deadline for 2015 fire state aid is September 15. To be certified as eligible for receipt of your fire state aid in the first round of payments, all required 2014 reporting information must have been submitted to the OSA, our review of the information must have been completed, and any issues identified by the OSA must have been resolved by that date.

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](#)

Payroll Deductions for Membership Dues

Several years ago, relief associations inquired about setting up an arrangement with their affiliated city or town for membership dues to be withheld from firefighters' per-call payments. Under the arrangement, the city or town would deduct the amount of the relief association membership dues from a firefighter's payment, collect the dues for all participating firefighters, and transmit the collected dues to the association.

During the 2015 legislative session, the League of Minnesota Cities sought and obtained a change to the Minnesota law on paychecks and wages to allow membership dues of a relief association to be deducted from payroll if an employer and the employee both agree.

A relief associations may deposit membership dues into its special fund or into its general fund. The relief association's bylaws should clearly identify which fund will be credited with membership dues. Relief associations are not required to collect dues from their members.

The OSA's Sample Bylaw Guides provide sample language that may be used to authorize the deposit of membership dues into the special fund or into the general fund. The Sample Bylaw Guides are available on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

Unpaid Membership Dues

Relief associations cannot deduct unpaid membership dues directly from a member's service pension. Minnesota law prohibits a member from assigning his or her service pension and prohibits a relief association from paying any amount that has been so assigned. In addition, except for certain payments related to child support and marriage dissolution, a member's service pension is not subject to garnishment, judgement, execution, or other legal process.

In other words, even if a member consents to the deduction, a relief association cannot directly deduct unpaid membership dues from a service pension. Even if a legal document states that unpaid membership dues (not payments related to child support and marriage dissolution) may be deducted from a service pension, a relief association does not have the authority to do so.

Relief Association Bylaws

Statements of Position:

Considerations When Making Benefit Changes

Fundraisers and Donations for Fire Departments and Relief Associations

Required Municipal Contributions to Fire Relief Associations

Governance for Relief Associations

Minnesota law requires relief associations to create and maintain bylaws, which are governing rules that can be revised over time. Because the bylaws, along with state law and a relief association’s articles of incorporation, set the rules by which a relief association operates, it is important that bylaws be kept up to date. A relief association’s members should be able to refer to the bylaws and easily determine their eligibility for benefits and how the benefits would be calculated.

Relief associations should review the bylaws at least annually. In addition, relief associations should periodically incorporate into the bylaws amendments that have been adopted and are still applicable. Having numerous amendments that have not been incorporated into the bylaws complicate things because the amendments have a tendency to become misplaced and it is difficult to determine when each one became effective.

When updating bylaws, relief associations should use the same terms when referring to the same thing. For example, a relief association should not use the phrase “retirement date” in one bylaw provision and “separation date” in another, if the relief association intends for both phrases to describe the same date. The same phrase should be used in both provisions.

To help relief associations create a solid foundation for their governance, the OSA provides a series of Sample Bylaw Guides. The Guides are designed to be used as a reference when developing, updating, and revising bylaws. The Guides are available on the OSA website in both MS Word and Adobe PDF formats, at: <http://www.auditor.state.mn.us/default.aspx?page=20120208.000>.

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