

# Pension Division Newsletter

**Inside this issue:**

<i>Investing Through the SBI vs. Joining the Statewide Plan</i>	2
<i>Working Group Update</i>	3
<i>Updated Statute Booklet and Summary</i>	3
<i>State Aid and Forfeiture Deadline</i>	4
<i>Pension Division Staff</i>	4

## Supplemental Benefit Reimbursements

The Minnesota Department of Revenue (DOR) sent a letter to each relief association regarding the process for seeking reimbursement for any supplemental benefits paid during 2015. The reimbursement form is available online, and the DOR is requiring that relief associations submit the form online. Paper reimbursement forms are no longer accepted.

The DOR requires that relief associations provide their Minnesota ID number on the reimbursement form. If you do not know your relief association's ID number, you can obtain it by calling Business Registration within the DOR at (651) 282-5225.

If your relief association seeks reimbursement of supplemental benefits paid during 2015, the reimbursement form must be submitted to the DOR between mid-November 2015 and February 15, 2016, to receive reimbursement in March 2016. If your relief association misses this filing deadline, your association cannot submit the reimbursement request again until the filing period begins the following November. The reimbursement form, instructions, and a sample form are 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).

Relief associations that pay a lump-sum service pension must also pay a lump-sum supplemental benefit. No supplemental benefit is paid for monthly service pension recipients. The supplemental benefit is intended to help offset taxes which must be paid on the service pension or benefit distribution.

For service pensions and disability benefits, the amount of the supplemental benefit is equal to 10 percent of the lump-sum distribution, up to a maximum of \$1,000. For survivor benefits, the amount of the supplemental benefit is equal to 20 percent of the survivor benefit distribution, up to a maximum of \$2,000. The supplemental survivor benefit is payable to the surviving spouse, or, if none, to the surviving child or children of the deceased active or deferred firefighter. No supplemental benefit is payable if the survivor benefit is paid to a designated beneficiary or to an estate.

Supplemental benefits should be calculated based on the pre-tax pension or benefit amount *before* any deferred interest is credited. In addition, deferred interest should not accrue on the supplemental benefit. Supplemental benefits are payable to members who are fully vested as well as those who are partially vested.



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)

**What's Ahead:**

**November 30:**  
Final deadline for submitting 2014 reporting-year forms to avoid forfeiture of fire state aid.

**December 3:**  
Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

**December 16:**  
Working Group Meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

**January 15:**  
Certified Listing of Individuals Who Filed a Statement of Economic Interest due to the Campaign Finance and Public Disclosure Board.

## Investing Through the SBI vs. Joining the Statewide Plan

Sometimes there is confusion about the difference between investing through the State Board of Investment (SBI) and joining the Statewide Volunteer Firefighter Retirement Plan that is administered by the Public Employees Retirement Association (PERA). Investing through the SBI is a choice on how relief association assets will be invested, while joining the statewide plan is a choice on how the volunteer firefighters' pension plan will be administered.

### Investing Through the SBI

Relief associations have authority to invest through the SBI Supplemental Investment Fund. The Supplemental Investment Fund is a multi-purpose investment program that offers a range of investment options. There are six accounts from among which a relief association may choose to invest. Relief associations may choose to invest some or all of their special fund through the SBI. (Relief associations should maintain at least a minimal amount of cash equivalents in a local financial institution to cover short-term expenses.) Many relief associations that invest through the SBI do so for a portion of their special fund portfolio, and work with an investment broker and local financial institution for the remainder of their portfolio.

Information about investing through the SBI is available on the SBI website at: <http://www.sbi.state.mn.us/ReliefAssociations.html>.

### Joining the Statewide Plan

Relief associations may choose to administer their own pension plans for their volunteer firefighters or may choose to turn over administration of the pension plans to PERA by joining the statewide plan. While assets for relief associations that join the statewide plan are automatically invested by the SBI, under this scenario a relief association's entire special fund is transferred to the SBI and the association ceases to exist as a pension plan. PERA handles the management of the statewide plan and pays benefits. Benefit eligibility requirements are set in statute instead of in local bylaws, and fire state aid is paid directly to PERA.

Information about the statewide plan is available on PERA's website at: [http://www.mnpera.org/index.asp?Type=B\\_BASIC&SEC={D09EE783-90AF-4CE0-B34E-4A85C43E3EFA}](http://www.mnpera.org/index.asp?Type=B_BASIC&SEC={D09EE783-90AF-4CE0-B34E-4A85C43E3EFA}).

## Working Group 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 Volunteer Fire Relief Association Working Group met on November 10. The Group agreed to move forward with proposals to require the fire chief to annually certify service credit for each firefighter to an officer of the relief association and to the municipal clerk. The Working Group will also seek a legislative correction to clarify that relief association service credit cannot be awarded for the same hours of service for which a firefighter is already receiving pension credit through the Public Employees Retirement Association.

The Group also agreed to move forward with a proposal to permit, subject to municipal approval, individuals who solely perform volunteer emergency medical services with the volunteer fire department to be eligible for membership in the affiliated volunteer fire relief association and to be eligible for benefits from the association on the same basis as individuals performing volunteer firefighting duties.

The Group will meet next on Thursday, December 3, from 11:00 a.m. to 1:00 p.m. at our 525 Park Street office in Saint Paul. Meetings are open to the public. Working Group materials are available on the OSA website at:

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

## Updated Statute Booklet and Summary

Updated versions of the Selected Relevant Statutes booklet and summary are now available. The Selected Relevant Statutes booklet contains many of the State statutes relevant to relief associations. A summary that is prepared annually by the OSA provides a short, easy-to-read companion to the booklet. Relief association trustees are encouraged to download both documents for reference when making investment decisions, calculating benefit payments, and updating bylaws.

The booklet and summary can be accessed at:

<http://www.auditor.state.mn.us/default.aspx?page=20120214.000>.

When updating bylaws, relief association trustees should also use as a reference the updated Sample Bylaw Guides created and updated annually by the OSA. The Guides are provided in both MS Word and Adobe PDF formats at:

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

## State Aid and Forfeiture Deadline

**Statements of Position:**

[Firefighter Service Credit Determinations](#)

[Maintaining a General Fund After Joining the Statewide Plan](#)

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

[Checking Accounts for Fire Departments and Relief Associations](#)

The OSA is pleased to announce that 112 relief associations met all reporting requirements to be certified as eligible for receipt of their 2014 fire state aid and supplemental state aid in the second round of aid disbursements. State aid was disbursed on or about November 15 for those plans that met the reporting requirements.

A list of the 2014 fire state aid and supplemental state aid amounts is available online at:

<http://www.auditor.state.mn.us/default.aspx?page=20140926.000>.

Minnesota law requires forfeiture of fire state aid for relief associations that do not submit all required reporting information to the OSA by November 30. If 2014 reporting forms are not received or are not complete by November 30, 2015, a relief association’s 2015 state aid will be forfeited and the association will not be eligible for future state aid until the complete 2014 reporting forms are received. The OSA does not have authority to grant filing extensions past the November 30 deadline.

If you have questions regarding reporting requirements or need access to online reporting forms, please contact the Pension Division at (651) 282-6110 or [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

## 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)