

Pension Division Newsletter

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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 2016. 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 2016, the reimbursement form must be submitted to the DOR between mid-November 2016 and February 15, 2017, to receive reimbursement in March 2017. 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.

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

What's Ahead:

November 30:

Final deadline for submitting 2015 reporting-year forms to avoid forfeiture of fire state aid.

December 6:

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

December 15:

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.

Working Group Update

The Volunteer Fire Relief Association Working Group met on November 9. Working Group members reviewed draft legislation that would prohibit the concurrent accrual of pension coverage in both a relief association and in the Public Employees Retirement Association (PERA) for the exact same hours of service. The Group also discussed duty-crew models that some cities are implementing and when firefighters hired for duty-crew shifts could be eligible for membership in the affiliated volunteer fire relief association.

The Working Group has meetings scheduled for Tuesday, December 6 and Thursday, December 15. Both meetings will be 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.

Agendas and materials are available on the Office of the State Auditor (OSA)'s website at:

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

Information Regarding Marriage Dissolutions

If a member of a relief association is involved in a divorce proceeding, the relief association might be contacted for information by the parties in the divorce or by their attorneys. The value of the member's accrued benefit may be important to appropriately evaluate the marital assets. Courts may either award a percentage of the member's benefit to the ex-spouse or a flat dollar amount.

Relief associations are usually given a draft copy of the divorce judgment or decree before it is filed with the court. If your relief association has questions regarding the draft of the judgment, your association should discuss it with the attorneys for both parties, the court, and/or the association's own legal counsel. The OSA cannot provide guidance regarding marriage dissolutions. In addition, the relief association should remind both parties that the court order must comply with Minnesota Statutes, including sections [356.49](#), [518.58](#), [518.581](#), and [518.582](#). Relief associations typically are not subject to ERISA or its rules regarding Qualified Domestic Relations Orders.

State Aid and Forfeiture Deadline

Statements of Position:

Fundraisers and Donations

Special and General Funds

Deferred Interest

Joint Powers Fire Departments and Fire Districts

The OSA is pleased to announce that 174 relief associations met all reporting requirements to be certified as eligible for receipt of their 2016 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 2016 fire state aid and supplemental state aid amounts is available online at:

<http://www.auditor.state.mn.us/default.aspx?page=20160927.014>.

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 2015 reporting forms are not received or are not complete by November 30, 2016, a relief association’s 2016 state aid will be forfeited and the association will not be eligible for future state aid until the complete 2015 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.

Pension Division Staff

If you have questions, please contact us:

Nicholas Enger, Pension Analyst

(651) 284-3423

nicholas.enger@osa.state.mn.us

Michael Johnson, Pension Analyst

(651) 282-5430

michael.johnson@osa.state.mn.us

Molly Resch, Pension Analyst

(651) 297-2765

molly.resch@osa.state.mn.us

Rose Hennessy Allen, Pension Director

(651) 296-5985

rose.hennessy-allen@osa.state.mn.us

Michael Kapala, Pension Intern

(651) 296-6279

michael.kapala@osa.state.mn.us