

# Pension Division Newsletter

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## Supplemental Benefit Reimbursements

The form to seek reimbursement for any supplemental benefits paid during 2017 is now available on the Minnesota Department of Revenue (DOR)’s website. The online form requires that a relief association provide its Minnesota ID number. If you do not know the relief association’s ID number, you can obtain it by calling Business Registration within the DOR at (651) 282-5225.

If the relief association seeks reimbursement of supplemental benefits paid during 2017, the reimbursement form must be submitted to the DOR by February 15, 2018, to receive reimbursement in March 2018. If the relief association misses this filing deadline, the 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.



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**What’s Ahead:**

**November 30:**

Final deadline for submitting 2016 reporting-year forms to the OSA to avoid forfeiture of fire state aid.

**January 15:**

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

**February 15:**

Final deadline for submitting 2017 Supplemental Benefit Reimbursement Forms to the Department of Revenue.

**Fire State Aid Work Group**

A Fire State Aid Work Group has been pulled together by the Legislative Commission on Pensions and Retirement and other stakeholder groups. The Office of the State Auditor (OSA) has been asked to attend the meetings to serve as a resource and to provide data. We understand the Work Group will be discussing the current statutory requirements on how fire state aid may be used in communities that have “combination” fire departments consisting of both volunteer (or paid-on-call) firefighters and paid full-time firefighters.

Specifically, the Work Group will discuss whether a change to current law should be sought to allow municipalities that have “combination” fire departments to retain a portion of the fire state aid to pay employer contributions to the Public Employees Retirement Association (PERA) on behalf of their full-time firefighters. Currently, all fire state aid received by the municipality must be transferred to the volunteer fire relief association or to the statewide volunteer firefighter retirement plan administered by PERA.

The Work Group held its first meeting on November 27. The Work Group plans to hold additional meetings in January and February. We will let you know when the additional meetings are scheduled.

**State Aid and Forfeiture Deadline**

The OSA is pleased to announce that 209 relief associations met all reporting requirements to be certified as eligible for receipt of their 2017 fire state aid from the Department of Revenue (DOR) in the second round of aid payments. The DOR disbursed state aid on or about November 15 for those plans that met the reporting requirements.

A listing from the DOR of the 2017 fire state aid and supplemental state aid amounts can be found on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20170927.000>.

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, 2017, a relief association’s 2017 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

## Establishing Separate Accounts

**Statements of Position:**

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

The OSA occasionally finds that a relief association has commingled special and general funds into one bank account, rather than keep them in separate accounts. Fire state aid and municipal contributions must be deposited into the special fund of a relief association. Because the special fund consists of public funds and is a restricted pension fund, Minnesota law strictly limits how the funds may be invested and disbursed. Having a comingled bank account makes it difficult for a relief association to properly track its special fund assets and ensure compliance with statutory requirements.

[Joint Powers Fire Departments and Fire Districts](#)

Each relief association should deposit fire state aid and municipal contributions into a special fund bank account that is separate from the association’s general fund bank account. Establishing separate accounts also facilitates tracking special fund assets and market values that must be reported to the OSA on annual relief association reporting forms.

[Fundraisers and Donations](#)

In addition, if a relief association has a charitable gambling fund, the charitable gambling fund should have its own bank account that is separate from the association’s special fund and general fund accounts. Donations from lawful gambling cannot be used for the benefit of a pension or retirement fund.

[Records Management](#)

Information about special and general funds, and charitable gambling funds, can be found in the OSA’s Statement of Position on this topic, at:

<http://www.auditor.state.mn.us/default.aspx?page=20110527.003>.

## Pension Division Staff

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