

# Pension Division Newsletter

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## Supplemental Benefit Reimbursements

The form to seek reimbursement for any supplemental benefits paid during 2018 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 2018, the reimbursement form must be submitted to the DOR by February 15, 2019, to receive reimbursement in March 2019. 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](#).

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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## State Auditor’s Working Group

### What’s Ahead:

The Office of the State Auditor (OSA)’s Volunteer Fire Relief Association Working Group will be meeting on November 29 and December 6.

#### November 29:

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

The Working Group will discuss whether the current 20-year requirement for full vesting in defined benefit plans is still appropriate. Defined contribution plans, in contrast, are permitted to offer full vesting after 10 completed years of service.

#### November 30:

Final deadline for submitting 2017 reporting-year forms to avoid forfeiture of fire state aid.

The Working Group will continue its discussions on vesting requirements for members who return to active service after receipt of a relief association service pension, and benefit levels for members with a break in service at the end of their firefighting career.

Additional topics being considered by the Working Group are the statutory definition of “volunteer firefighter,” benefit levels for disability and survivor benefit recipients, and expanding survivor supplemental benefits to designated beneficiaries and estates.

The Working Group 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 Working Group page of the [OSA website](#).

#### December 6:

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

## State Aid and Forfeiture Deadline

The OSA is pleased to announce that 71 relief associations met all reporting requirements to be certified as eligible for receipt of their 2018 fire state aid and supplemental state aid from the 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. Eighty-nine percent of relief associations have now been certified as eligible for 2018 state aid.

#### January 15:

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

A listing from the DOR of the 2018 fire state aid and supplemental state aid amounts can be found on the [OSA website](#).

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 2017 reporting forms are not fully received by November 30, 2018, a relief association’s 2018 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

## Hardship Distributions

**Statements of Position:**

[Service Credit Determinations](#)

[Fundraisers and Donations](#)

[Differences between Municipal Departments and Independent Nonprofit Firefighting Corporations](#)

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

The OSA has seen compliance issues related to the distribution of service pensions and benefits to relief association members who are not yet eligible for the distribution.

To be eligible for a relief association service pension, a member must (1) separate from active service with the fire department and separate from active membership in the association, (2) be at least age 50 or at least the minimum retirement age specified in the bylaws if greater than 50, and (3) complete the minimum service and membership requirements to be vested.

To be eligible for a disability benefit, a member must (1) separate from active service with the fire department and separate from active membership in the relief association, and (2) comply with all disability benefit eligibility requirements specified in the relief association’s bylaws. A relief association’s bylaws may require, for example, that the member provide documentation from a doctor that confirms the member’s inability to continue firefighting duties.

A relief association cannot pay a service pension or benefit to a member who has not yet separated from active service as a volunteer firefighter. In addition, Minnesota law currently does not permit a relief association to make hardship distributions to members who are not yet eligible for a distribution, but who have a financial need or hardship.

## Pension Division Staff

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