

# Pension Division Newsletter

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## Annual Business Renewal

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 learn of its status by going to the Secretary of State’s website. Relief associations with a renewal due date displayed as 12/31/2019 must complete the registration before December 31, 2019, or face possible dissolution of the association’s nonprofit corporation status. If a relief association has completed its registration for this calendar year, the “renewal due date” displayed on the Secretary of State’s website will read 12/31/2020.

The annual registration can be completed online at the [Secretary of State’s website](#).

## 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.



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**What's Ahead:**

**June 30:**

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

**August 1:**

The 2019 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

**September 15:**

First certification deadline for 2019 fire state aid. To be certified as eligible, all 2018 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

## Military Breaks in Service

Relief associations are required under state and federal law to provide service credit to members who are absent from firefighting service due to military service. Members who are absent from the relief association due to a military break in service are treated for pension purposes as though they were active. This is true regardless of whether the member voluntarily enlisted or was called upon as a member of the National Guard.

The service credit provided under state and federal law is subject to certain limitations and restrictions. To be eligible for the service credit, the member must provide notice to the fire department that he or she is leaving to provide military service, unless it is not feasible to provide that notice due to the emergency nature of the situation. It is recommended that both written and verbal notice be provided. The member must also return to firefighting service with coverage by the same relief association upon discharge and must be honorably discharged. Upon reemployment, members are not required to remain in active status for any minimum length of time.

Military service credit is generally capped at five years, although there are exceptions for many active duty periods. For example, operations Iraqi Freedom and Enduring Freedom are not counted against the five-year limit. The five-year limit is a cumulative limit, per employer. So, if a member of a relief association was absent to provide military service for three years, resumed active service with the fire department and then was absent for another three years, the member generally would only receive five years of active service credit for the military break.

## Financial and Investment Report

The State Auditor's Financial and Investment Report of Volunteer Fire Relief Associations for the year ended December 31, 2017, was released in March. The Report summarizes and evaluates the finances, basic benefit structure, and investment performance of Minnesota's volunteer fire relief associations. Annual benefit levels, municipal contribution amounts, fire state aid amounts, and rates of return for each relief association are included in the Report.

To view the complete Report, go to the Office of the State Auditor (OSA)'s [website](#).

**Statements of Position:**

[Allocations and Deductions for Defined Contribution Plans](#)

[Investment Policies](#)

[Investment Authority](#)

[Special and General Funds, and Charitable Gambling Funds](#)

## Payroll Deductions for Membership Dues

Some relief associations have 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.

The Minnesota law on paychecks and wages allows membership dues of a relief association to be deducted from payroll if an employer and the employee both agree.

If a relief association chooses to collect dues from its members, the dues may be deposited into the special fund or the general fund. The bylaws should clearly identify which fund will be credited with membership dues.

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.

## Large Plan Investment Report

The State Auditor released the Large Public Pension Plan Investment Report for the year ended December 31, 2017. The report contains analysis of rate of return, asset allocation, and benchmark comparison information for the Bloomington Fire Department Relief Association and the St. Paul Teachers’ Retirement Fund Association. Information for the Minnesota State Board of Investment is also provided. The completed Report can be accessed on the [OSA website](#).

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