

# Pension Division Newsletter

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## Open Working Group Position

There currently is an open seat on the State Auditor’s Volunteer Fire Relief Association Working Group for a municipal representative. Potential candidates must be a city or town official who has experience with an affiliated relief association.

The Working Group will hold between five and ten weekday meetings during the fall and early winter at our office in Saint Paul.

Topics being considered by the Working Group this year include whether the current lengths of service required for full and partial vesting are too long, whether the crediting of interest or additional investment income to deferred members should be discontinued, and a discussion of the large surplus amounts in some relief associations and whether or how they should be addressed.

Anyone who would like to be considered for these open positions should contact Rose Hennessy Allen at (651) 296-5985 or [rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us).

## Schedule Form Reminder

The 2019 Schedule Form for lump-sum volunteer fire relief associations must be certified on or before August 1, 2019. The certification must be made to the entity responsible for satisfying the minimum required contribution to the relief association’s special fund.

The 2019 Schedule Form is designed to help determine the relief association’s projected assets and liabilities for 2019 and the minimum required contribution for 2020. The Schedule Form is available for download from the [State Auditor’s Form Entry System \(SAFES\)](#).

For additional information about required contributions, see the Office of the State Auditor (OSA)’s Statement of Position on this topic by clicking [here](#).



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**What's Ahead:**

**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.

**October 1:**

Fire state aid is paid for those relief associations certified as eligible on the first certification deadline.

## Municipal Ratification of Benefit Levels

Many relief associations review their finances in the summer, after completing their annual Schedule Form, and determine whether to seek a change to their benefit levels.

As a reminder, a relief association initiates a change in benefit levels by amending its bylaws. A city council or town board can choose to approve or not approve a relief association's proposed benefit change. Once the bylaws are ratified by the governing body, however, the benefit levels are guaranteed by the municipality.

In approving benefit levels, the city council or town board assumes responsibility for ensuring the relief association special fund has sufficient assets to cover approved benefit levels.

The OSA knows of no authority for a city council or town board to ratify a relief association benefit level while simultaneously limiting any future contributions to the relief association to amounts less than those required by Minnesota law. Minnesota law is clear that a municipality is required to make any contributions that become due to the relief association at the approved benefit level.

For more information regarding the process for changing relief association benefit levels, please see the OSA's Statement of Position on this topic by clicking [here](#).

## Protecting Private Member Data

Some reporting forms that a relief association completes contain private member information. For example, the annual Schedule Form completed by defined-benefit lump-sum relief associations contains member birth dates, years of service, leaves of absence, and vesting information. Private data must be protected in accordance with Minnesota's Data Practices Act.

A relief association, therefore, should not post a copy of the Schedule Form or other reporting forms containing private member data in the fire hall or other public place without first redacting (removing or covering up) all private data.

The [Data Practices Office](#) within the Minnesota Department of Administration provides information about data practices on its website.

## Maximum Benefit Levels

### 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

Volunteer fire relief associations that offer or pay lump-sum, monthly, or monthly/lump-sum combination service pensions must annually calculate the average amount of available financing per active covered firefighter.

The OSA provides the Maximum Benefit Worksheet to help relief associations perform this calculation. The calculation determines the maximum lump-sum and monthly benefit levels the relief association is authorized to establish for the year. Relief associations are to perform the maximum benefit calculation on or before August 1 as part of the association’s annual certification of the financial requirements and minimum municipal obligation.

A relief association does not have the authority to set a benefit level higher than the maximum level, even if the benefit level is ratified by the affiliated municipality. It is very important for relief association trustees and municipal officials to monitor maximum benefit levels. Penalties for paying service pensions using a benefit level higher than the maximum level may include the disqualification from receiving fire state aid.

A relief association may discover it is operating at a benefit level higher than the calculated maximum benefit level. A relief association may continue to operate at a benefit level higher than the allowable maximum benefit level if: 1) the benefit level was properly adopted; 2) the benefit level was at or below the allowable maximum benefit level when it was established; and 3) the decrease to the calculated maximum benefit level was due to either a decrease in fire state aid or an increase in the number of active members during the three-year period on which the calculation is based.

Relief associations that qualify to be “grandfathered in” at their current benefit level cannot increase their benefit level until the annual calculation shows that an increase is allowed.

The Maximum Benefit Worksheet is contained within the Schedule Form or FIRE Form and can be accessed in [SAFES](#).

For additional information about maximum benefit levels, see our Statement of Position on this topic by clicking [here](#).

## Calculating Months of Active Service

**Statements of Position:**

Relief associations have authority to award service credit for pension purposes based on each completed year of active service that a member has served with the affiliated fire department or, if the relief association’s bylaws authorize it, to prorate service credit on a monthly basis.

Management of Records

If a relief association’s bylaws authorize the monthly proration of service credit, the bylaws may define what constitutes a “month.” The bylaw definition must require a calendar month to have at least 16 days of active service. If the bylaws allow service credit to be prorated on a monthly basis but do not define a “month,” a “month” must be a completed month of active service measured from the member’s date of entry to the same date in the subsequent calendar month.

Investment Authority

Maintaining a General Fund after Joining the PERA Statewide Plan

The OSA’s Sample Bylaw Guides include sample language that a relief association may use as a reference if the relief association elects to prorate service credit monthly or to define a “month” of service credit in its bylaws. The Sample Bylaw Guides are provided in both MS Word and Adobe PDF formats on the [OSA website](#).

Investment Policies

A Statement of Position is available on the OSA’s website that provides additional information about firefighter service credit determinations. Click [here](#) to access the Statement of Position.

## Pension Division Staff

If you have questions, please contact us:

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