



Pension Division Newsletter

July 2021

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Schedule Form Reminders

The 2021 Schedule Form for relief associations with a defined-benefit lump-sum plan must be certified by the relief association on or before August 1, 2021. The certification must be made to the entity responsible for satisfying the minimum required contribution to the relief association's special fund.

The 2021 Schedule Form is designed to help determine the relief association's projected assets and liabilities for 2021 and the minimum required contribution for 2022. The Schedule Form is available for download from the [State Auditor's Form Entry System \(SAFES\)](#).

As noted in our [February Pension Newsletter](#), you may notice that the accrued liability amounts calculated for active members are different than the amounts calculated in prior years. To accommodate shorter vesting schedules that are now authorized for defined benefit plans without systemically understating liability estimates, a new method for calculating the liabilities was implemented. The new method is based on the current age and length of service of each member, and the requirement for full-vesting defined in the relief association's bylaws.

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

Protecting Private Member Data

As relief associations are holding remote meetings and conducting business using electronic means, trustees should be sure that private member data is being protected in accordance with Minnesota's Data Practices Act.

Some reporting forms that a relief association completes contain private member information. For example, the annual Schedule Form contains member birth dates, years of service, leaves of absence, and vesting information. A relief association, therefore, should not share or post a copy of the Schedule Form or other reporting forms containing private member data without first redacting (removing or covering up) all private data, unless sharing the information with an individual authorized to access the data.

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

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What's Ahead:**August 1:**

The 2021 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation

September 15:

First certification deadline for 2021 fire state aid. To be certified as eligible, all 2020 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.

Maximum Benefit Levels

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.

We are seeing more relief associations operating at or near their maximum allowable benefit levels. 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 disqualification from receiving fire state aid.

There are some limited circumstances in which a relief association that discovers it is operating at a benefit level higher than the calculated maximum benefit level may continue to do so. A relief association that discovers it is operating at a benefit level higher than the calculated maximum benefit level may continue to operate at the higher than 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.

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](#).

Statements of Position:

[Supplemental Benefits](#)

[Return to Service for Relief Association Members](#)

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

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](#).

Training Session Recordings

Thank you to everyone who attended our July training webinar sessions! Recordings of the sessions will be posted to our website, and links will be provided in a future Pension Newsletter when the recordings are available.

The training sessions cover topics for new relief association trustees, provide a legislative update, include tips for avoiding pitfalls, and provide answers to questions frequently asked by relief association officers.

Pension Division Staff

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