



Pension Division Newsletter

August 2022

Inside this issue:

<i>Fire State Aid Allocation Agreements</i>	2
<i>Survivor Benefits for Deferred Members</i>	2
<i>Beneficiary Designation Form</i>	3
<i>Pension Division Staff</i>	3

Fire State Aid Deadline

The first certification deadline for 2022 fire state aid and supplemental state aid is **September 15**. If your relief association has submitted its reporting forms but has been notified by our Pension Division team that additional information is needed, please provide the requested information as soon as possible.

To be certified as eligible for receipt of your fire state aid in the first round of payments, all required 2021 reporting information must be submitted to the Office of the State Auditor (OSA), our review of the information must be completed, and the relief association must satisfactorily resolve any issues identified by the OSA must be resolved by September 15.

Relief associations ineligible to receive 2022 state aid in the first round of state aid payments may be eligible to receive their state aid in the second round of payments if the OSA review has been completed and any identified issues are resolved by November 1.

The 2022 fire state aid amounts will be available in mid-September. Lists of the state aid amounts will be posted on the OSA and Department of Revenue websites when they are available.

State Auditor’s Working Group

There are two open seats on the State Auditor’s Volunteer Fire Relief Association Working Group. One seat is for a defined contribution (split-the-pie) plan representative, and the other is for a defined-benefit plan representative. Potential candidates must be a current trustee or member of a relief association.

It is anticipated that the Working Group will hold five or six weekday meetings between October and December. The meetings will be held in a hybrid format following whatever safety guidance exists at the time we start. Meetings will be live-streamed so those interested in viewing from around the State can do so, and participating by Zoom will be an option.

Anyone who has questions or would like to be considered for this open position should contact Rose Hennessy Allen at (651) 296-5985 or rose.hennessy-allen@osa.state.mn.us.

Please forward to us any topics that you would like the Working Group to consider by using the above phone number or email address.

Office of the State Auditor
Pension Division
525 Park Street, Suite 500
Saint Paul, MN 55103
(651) 282-6110
Fax: (651) 282-5298
pension@osa.state.mn.us

What’s Ahead:

September 15:
 First certification deadline for 2022 fire state aid. To be certified as eligible, all 2021 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.

November 1:
 Second certification deadline for 2022 fire state aid.

November 30:
 Final deadline for submitting 2021 reporting-year forms to avoid forfeiture of fire state aid.

Fire State Aid Allocation Agreements

We’ve received some inquiries about a new question on the “Plan Administration” page of the 2021 FIRE Form. The question asks if a fire state aid allocation agreement with the municipality was in effect for 2021 state aid.

A law change that went into effect on January 1, 2021, allows fire state aid to be allocated between a relief association and affiliated municipality if the fire department is a combination fire department, and both the relief association and municipality have mutually agreed to an allocation method. If both of these criteria are met, the municipality may use the portion of fire state aid it retains pursuant to the agreement to pay employer contributions to the Public Employees Retirement Association on behalf of its full-time firefighters.

The new authority is described in [Minn. Stat. § 477B.042](#).

Survivor Benefits for Deferred Members

If a member who is deferred dies before being paid the member’s earned deferred service pension amount, the relief association must look to the survivor benefit provisions of its bylaws to determine if the member’s survivors are eligible for a distribution. Eligibility requirements defined in statute for the payment of a deferred service pension are not able to be met when a member dies while in deferred status. The only type of distribution authorized in these circumstances is a survivor benefit, and only if expressly allowed by the relief association’s bylaws.

While most relief associations authorize survivor benefit payments on behalf of active members, some relief association bylaws do not extend this payment authority to deferred members, too. A relief association wishing to provide payment to the surviving spouse, surviving children, designed beneficiary, or estate of a deferred member must specifically authorize this type of survivor benefit payment in its bylaws.

For a defined-benefit lump-sum plan, a monthly plan, or a monthly/lump-sum combination plan, survivor benefits paid on behalf of a deferred member can be calculated in the same manner as for active-member survivor benefits, or the survivor benefit can be of a lesser amount. Many relief associations, for example, pay a deferred member’s accrued benefit (*i.e.*, the member’s vested benefit) as the survivor benefit.

For a defined-contribution plan, survivor benefits paid on behalf of a deferred member must equal the vested amount of the deceased member’s individual account.

Several optional survivor benefit provisions are included in the OSA’s [Sample Bylaw Guides](#) that can be used as a reference.

Beneficiary Designation Form

Statements of Position:

Relief associations that authorize in their bylaws the payment of survivor benefits may pay a survivor benefit to a designated beneficiary when a deceased member has no surviving spouse and no surviving children, and a beneficiary has been designated.

Management of Records

Relief associations usually cannot recognize a beneficiary designation if a member has a surviving spouse or surviving children. There is one exception, however, for members who have a surviving spouse but no surviving children. If a member has no surviving children, the member’s surviving spouse may waive, wholly or partially, the spouse’s entitlement to the survivor benefit. The waiver must be in writing. If the surviving spouse has waived entitlement, the survivor benefit may be paid to a designated beneficiary. When a lump-sum benefit is being distributed, a trust created under Minnesota Statutes, [Chapter 501B](#), may be a designated beneficiary.

Maintaining a General Fund after Joining the PERA Statewide Volunteer Firefighter Plan

If a relief association’s bylaws authorize the payment of survivor benefits, the relief association’s trustees should ask new members to complete a designation of beneficiary form when joining the association. Members should also be encouraged to review their beneficiary designations at least annually to ensure that the designations are updated following major life events.

Survivor Benefits

A sample [designation of beneficiary form](#) is available on the OSA website. The sample form is meant to provide a framework for relief associations to develop their own custom designation of beneficiary forms that take into consideration any unique needs of their organizations. Relief associations should, therefore, consult with their attorneys for guidance in developing their own custom forms.

Supplemental Benefits

Additional information on calculating survivor benefits, survivor supplemental benefits, and the order of eligibility for collecting a survivor benefit can be found in the OSA’s [Statement of Position](#) on this topic.

Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst
(651) 282-5430

michael.johnson@osa.state.mn.us

Molly Resch, Pension Analyst
(651) 297-2765

molly.resch@osa.state.mn.us

Maia Dabney-Miller, Pension Analyst
(651) 284-3423

maia.dabney-miller@osa.state.mn.us

Robin Paulsen, Administrative Specialist
(651) 296-6267

robin.paulsen@osa.state.mn.us

Rose Hennessy Allen, Pension Director
(651) 296-5985

rose.hennessy-allen@osa.state.mn.us