



# Pension Division Newsletter

November 2022

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## Working Group Update

The Volunteer Fire Relief Association Working Group convened by the Office of the State Auditor (OSA) met on November 10. The Working Group members discussed the audit threshold for relief associations. Currently, an annual audit is required after a relief association exceeds \$500,000 in either special fund assets or liabilities. The Working Group members approved moving forward with drafting a proposal to increase the audit threshold to \$750,000.

The Working Group also discussed adding definitions of “volunteer,” “paid on-call,” “part-time,” and “full-time/career” firefighter to the relief association pension statutes. Characteristics of these firefighter categories were reviewed for purposes of drafting definitions, which will be reviewed by the Working Group during a future meeting.

Upcoming Working Group meetings are scheduled for **December 7**, and **December 14**. Meeting agendas and information are available on the Working Group page of the [OSA website](#). Meetings are live-streamed on the OSA’s [YouTube channel](#), and recordings are available on the [OSA website](#) following each meeting.

## State Aid and Forfeiture Deadline

The OSA is pleased to announce that 95 relief associations and other reporting entities met all reporting requirements to be certified to the Department of Revenue as eligible for receipt of their 2022 fire state aid and supplemental state aid in the second round of aid payments. State aid was disbursed on or about November 15 for those plans that met the reporting requirements.

In total, about 80 percent of relief associations have now been certified as eligible for their 2022 state aid. A listing from the DOR of the 2022 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, 2022**. If 2021 reporting forms are not received by November 30, 2022, a relief association’s 2022 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

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## Supplemental Benefit Reimbursements

### What's Ahead:

#### November 30:

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

#### December 7:

Working Group meeting 2:00 p.m. to 3:30 p.m.

#### December 14:

Working Group meeting 11:00 a.m. to 12:30 p.m.

#### January 15:

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

The form to seek reimbursement of any supplemental benefits paid during 2022 is now available on the [Minnesota Department of Revenue \(DOR\)'s website](#). Instructions for completing the form and answers to frequently asked questions are also provided on this DOR webpage.

*Note that the DOR has moved the Supplemental Benefit Reimbursement (SBR) form to a new easier-to-use platform.* Use a modern web browser (for example, Google Chrome or Microsoft Edge) to fill out and submit the form; no additional software is needed for the submission.

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.

A relief association seeking reimbursement of supplemental benefits paid during 2022 must submit the SBR form to the DOR by **February 15, 2023**, to receive reimbursement in March 2023. If the relief association misses this filing deadline, the reimbursement request cannot be submitted again until the filing period begins the following November.

Relief associations that pay service pensions as a one-time lump-sum payment (rather than monthly payments) must also pay a supplemental benefit. The supplemental benefit is paid at the same time as the service pension and is intended to help offset taxes which must be paid on the service pension or benefit distribution. No supplemental benefit is paid for monthly service pension recipients.

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. A 2019 law change allows a supplemental survivor benefit to be paid to a designated beneficiary or to an estate if the deceased firefighter had no surviving spouse or surviving children. The new law applies to supplemental benefits paid in 2019 and, thereafter, for the death of an active or deferred firefighter that occurred on or after January 1, 2019.

Supplemental benefits should be calculated 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.

Additional information about supplemental benefits is provided in the OSA's [Statement of Position](#) on this topic.

## Fire Department Grants

**Statements of Position:**

Occasionally, the OSA sees grant revenue deposited into a relief association’s general fund. Relief associations that receive grant funds should be sure that the terms of the grant are followed. The grant may require that the funds be given directly to the fire department. If the fire department is a city or town fire department, this means that the funds need to be given directly to the municipality.

Management of Records

Minnesota law requires city councils and town boards to have full control over their municipality’s financial matters. Any money intended for use by a municipal fire department must be controlled by the city council or town board.

Checking Accounts for Fire Departments and Relief Associations

In addition, a relief association should not purchase or install fire department equipment without the governing body’s approval. The disbursement of city and town funds, including fire department funds, must comply with a process set forth in law.

## Multiple Signatures on Checks

Special and General Funds, and Charitable Gambling Funds

Minnesota law requires special fund disbursements paid by check to be signed by the relief association treasurer and by at least one other trustee who is designated as a signer by the board of trustees. In addition to being required by statute, multiple signatures are an important part of a relief association’s system of internal controls. When more than one person signs a check, each person is verifying that the relief association’s board of trustees has approved the check for payment.

Supplemental Benefits

Electronic or wire funds transfers are also permitted if internal control policies and procedures are established and approved by the board of trustees. The policies and procedures must provide for authentication of the electronic disbursements by the relief association treasurer and at least one other trustee.

The OSA’s sample [Bylaw Guides](#) include language referencing these signature and approval requirements (see the bylaw Article entitled “Funds.”)

## Pension Division Staff

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