



Pension Division Newsletter

August 2023

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Fire State Aid Deadline

The first certification deadline for 2023 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 2022 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, which must be resolved by September 15.

Relief associations ineligible to receive 2023 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 2023 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

The Fire Relief Association Working Group met on July 26 and August 16. Working Group members reviewed pending legislative proposals previously adopted by the Working Group but not yet enacted by the Legislature.

Working Group members discussed a topic raised by legislative staff related to member contributions deposited into a relief association's special fund, and whether depositing these contributions in the special fund could pose tax issues. Working Group members also discussed the method of allocating investment returns to deferred member accounts, and benefit and reporting requirements that apply if a relief association is involuntarily dissolved. Discussion on these topics will be continued during the next meeting.

Working Group meetings are scheduled for **September 20**, and **October 4**. Both meetings will be held from 2:00 pm to 3:30 pm, and will be held in a hybrid format with options to attend in-person at our office in Saint Paul or remotely via Teams. Agendas and materials, links to watch meeting livestreams, and recordings of meetings are posted on the [OSA website](#).

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What's Ahead:**September 15:**

First certification deadline for 2023 fire state aid. To be certified as eligible, all 2022 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

September 20:

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

October 1:

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

October 4:

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

Marriage Dissolutions

Legislation was passed into law last year that updated and clarified provisions related to marriage dissolutions. Distributions are now clearly permitted following the divorce of a relief association member, and options are now provided regarding these distributions. While relief associations have traditionally paid amounts to the former spouse (or "alternate payee") after a relief association member gets divorced, the 2022 law changes expressly authorize these payments and provide definitions of the terms "qualified domestic relations order" and "alternate payee."

The new law also permits a relief association, if its bylaws allow, to pay the benefit amount due to the alternate payee immediately following finalization of the divorce, rather than waiting until the relief association member reaches age 50 and separates from active service. Allowing payment as soon as practicable following finalization of the divorce helps ease the administrative burden of maintaining records and contact information of former spouses. Relief associations wishing to permit these immediate payments must do so through an amendment to their bylaws. The relief association member cannot be paid his or her portion of the benefit until after reaching the relief association's minimum retirement age and separating from active service.

For relief associations that pay monthly service pensions, the new law allows the relief association to amend its bylaws to permit payment to the former spouse in a lump sum amount, rather than as a monthly benefit.

All relief associations must permit the former spouse to elect a direct rollover of his or her portion of the benefit, if the service pension is an eligible rollover distribution.

If a member of a relief association is involved in a divorce proceeding, the relief association might be contacted for information by the parties in the divorce or their attorneys. The value of the member's accrued benefit may be important to appropriately evaluate the marital assets. Courts may either award a percentage of the member's benefit to the ex-spouse or a flat dollar amount. The division method may depend upon whether the member was active or retired at the time of the marriage dissolution.

Relief associations are usually given a draft copy of the divorce judgment or decree before it is filed with the court. If your relief association has questions regarding the draft of the judgment, your association should discuss it with the attorneys for both parties, the court, and/or the association's own legal counsel.

Fire State Aid Allocation Agreements

Statements of Position:

[Management of Records](#)

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](#) and includes filing requirements with the OSA.

[Relief Association Governance](#)

Increased Audit Threshold

We want to remind you of a Fire Relief Association Working Group proposal that was included in this year’s [Pension and Retirement Omnibus Policy Bill](#) and could affect reporting requirements for your relief association next year. The provision increases the threshold at which an annual audit is required, from the current \$500,000 in special fund assets or liabilities to \$750,000. The change will become effective on December 31, 2023, and applies to audits of calendar year 2023 and thereafter.

After the OSA receives and reviews relief association reporting information for the 2022 calendar year, we will provide notice to those relief associations that no longer have an annual audit requirement and instead can have their financial reporting forms attested to by a Certified Public Accountant. If you have questions about how this law change may impact your relief association, please contact the OSA’s [Pension Division](#).

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

[Supplemental Benefits](#)

Pension Division Staff

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