



Pension Division Newsletter

September 2022

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2022 Fire and Supplemental State Aid

The Office of the State Auditor (OSA) is pleased to announce that over 60 percent of volunteer fire relief associations and other pension plans met all reporting requirements to be certified as eligible for the Department of Revenue’s review to determine qualification for 2022 fire and supplemental state aid in the first round of state aid disbursements. Both state aid distributions will occur on or about October 1 for those plans certified by the OSA and deemed by the Department of Revenue as qualified to receive state aid.

A list of the 2022 fire and supplemental state aid amounts will be posted on the [OSA’s website](#) at the end of September or early October. The OSA will send an e-mail notification to all relief associations when the state aid list is posted.

If your relief association has not yet submitted its 2021 reporting-year forms to the OSA, please do so as soon as possible. The second certification deadline for 2022 fire and supplemental state aid is November 1.

To be certified as eligible for receipt of state aid in the second round of payments, a relief association must have submitted all required 2021 reporting information to the OSA with enough time for the OSA to complete its review and for all issues identified by the OSA to have been satisfactorily resolved by the relief association before November 1.

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.

State Auditor’s Working Group

The first meeting of the Volunteer Fire Relief Association Working Group convened by the OSA is set for October 19 from 2:00 p.m. to 3:30 p.m.

Materials will be posted on the [Working Group](#) page of the OSA website in advance of each meeting. We plan to hold meetings in a hybrid format, so those who are interested may attend in person at our office in Saint Paul or virtually through Zoom. All meetings will be live-streamed and a recording will be posted afterward, for those interested. Currently, additional Working Group meetings have been scheduled for November 10, December 7, and December 14.

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What’s Ahead:

October 1:

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

October 19:

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

November 1:

Second certification deadline for 2022 fire state aid.

November 10:

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

Deposit of State Aid

As state aid distributions will be made soon to many cities and towns, for payment to their affiliated relief associations, we want to remind you of the statutory requirement for timely deposit of the aid amounts.

The municipal treasurer is required by statute to transmit fire state aid and supplemental state aid to the treasurer of the affiliated relief association within 30 days after receipt if there is a relief association organized and the association has filed a financial report with the municipality.

If the relief association has not filed a financial report with the municipality, the municipal treasurer shall delay transmission of the fire state aid to the relief association until the complete financial report is filed.

The FIRE Form that must be signed annually by the municipal clerk and be submitted to the OSA may be used as the financial report referred to in this statutory provision. Upon receipt, the relief association treasurer should be sure that the fire state aid is promptly deposited into the relief association’s special fund.

2023 User Authorization Form

Access to reporting forms for accountants, auditors, and other consultants who work with relief associations will expire at the end of the calendar year. Access occurs primarily through the State Auditor’s Form Entry System (SAFES), but also extends to other offline relief association documents.

Relief associations will need to renew access for their accountants, auditors, and consultants by completing the 2023 User Authorization Form that will be posted soon on the [OSA website](#).

Benefit Change Effective Date

The OSA occasionally receives questions about the effective date of a relief association benefit level change. Benefit level changes go into effect on the date the change is ratified, or go into effect on a future date if the future date is specified in the bylaws or resolution approving the new benefit level. Benefit level amounts cannot be modified retroactively.

Some relief associations prefer that benefit level changes go into effect at the start of a calendar year, so they specify in their bylaws that the new benefit level goes into effect on the upcoming January 1. Unless the bylaws or resolution ratifying the benefit change specify a future effective date, the benefit level change will generally go into effect immediately upon ratification by the affiliated municipality or independent nonprofit firefighting corporation.

Maximum Benefit Level Changes

Statements of Position:

[Investment Authority](#)

[Investment Policies](#)

[Municipal Contribution Calculations for Monthly Plans](#)

[Required Municipal Contributions](#)

The 2022 Pension and Retirement Bill that was passed into law in May includes changes that will eliminate the requirement that each relief association with a defined benefit plan annually determine its maximum allowable benefit level. Relief associations had questioned the appropriateness of the calculation used to determine the maximum allowable benefit level, as it did not take into consideration a relief association’s funded status or amount of assets available to pay for benefit level increases. Because these factors were not considered, the calculation sometimes produced odd results: relief associations with large surpluses being unable to increase benefits; or relief associations with deficits seemingly able to afford large increases.

After the 2022 law changes go into effect on January 1, 2023, a relief association will no longer be required to calculate a maximum allowable benefit level specific to its plan. Instead, all relief associations will be held to the same maximum allowable benefit levels, which are \$15,000 per year of service for lump-sum benefits or \$100 for monthly benefits. This change provides relief associations and their affiliated municipalities with the ability to evaluate a potential benefit level change by considering the plan’s funded status, contribution requirements, recruitment and retention needs, and any other local factors.

It is, and will continue to be, important for relief associations and municipal trustees to obtain information they need to make an informed decision when considering a benefit level change. Many trustees work with their financial or investment consultants to run projections showing the impact a potential benefit level change could have on a relief association’s funded status and financial requirements.

After a relief association’s board of trustees and the affiliated city council or town board ratify a benefit level change, the city or town is required to make any contributions needed to fully fund the approved benefits. A relief association cannot set a benefit level higher than the maximum allowable benefit level, even if the benefit amount is ratified by the municipal governing board.

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