



Working Group

Meeting Agenda: September 30, 2025

- I. Call to Order**
Chair Auditor Blaha.
- II. Review and Approval of Working Group Meeting Minutes**
Exhibit A. Draft September 16, 2025, Meeting Minutes
- III. Discussion of Draft Return to Service Clarifications**
Exhibits B and C.
 - Return to Service Draft Changes (B)
 - Flow Chart Examples (C)
- IV. Discussion of Firefighter and Service Definitions**
Exhibit D.
- V. Discussion of Combined Service Pensions**
Exhibit E.
- VI. Review of Previously Approved Changes**
Exhibits F through H.
 - Audit Threshold Changes (F)
 - Authorized Special Fund Expenditures (G)
 - Deferred Member Allocations (H)
- VII. Other Business**
- VIII. Adjournment**

Individuals with disabilities who need a reasonable accommodation to participate in this event, please contact Rose Hennessy Allen at (651) 296-5985 or (800) 627-3529 (TTY) by September 29, 2025.



Exhibit A

9-16-25 Draft Minutes

Members Present

Julie Blaha, State Auditor

Roger Carlson, Minnesota State Fire Department Association Representative (defined benefit monthly/lump sum plans)

Dan Johnson, Mendota Heights Fire Relief Association Trustee (defined contribution plans)

Aaron Johnston, Coon Rapids Fire Relief Association Treasurer (defined contribution plans)

Mikal Knotek, St. Michael Fire Relief Association Secretary (defined benefit lump sum plans)

Karl Mork, Bemidji Fire Relief Association Treasurer (defined benefit lump sum plans)

Darrell Pettis, St. Peter Fire Relief Association Treasurer (defined benefit lump sum plans)

Clinton Rogers, City of Janesville Administrator

Kevin Wall, Lower Saint Croix Valley Fire Relief Association President (defined benefit lump sum plans)

Michael Walstien, Plymouth Fire Relief Association Member (defined contribution plans)

Members Excused

Jon Dahlke, Glencoe Fire Relief Association Treasurer (defined benefit monthly/lump sum plans)

Steve Donney, City of Harmony Mayor

Thomas Wilson, Eden Prairie Fire Relief Association Secretary (defined benefit monthly/lump sum plans)

Office of the State Auditor Representatives Present

Ramona Advani, Deputy State Auditor and General Counsel

Rose Hennessy Allen, Office of the State Auditor Pension Director

Legislative Support Present

Aleena Wilson, Legislative Commission on Pensions and Retirement Analyst

I. Call to Order

Auditor Blaha called the meeting to order. She explained that the meeting was being conducted in a hybrid format and being recorded and streamed to the Office of the State Auditor (OSA) YouTube channel. The meeting agenda was adopted unanimously.

II. Review and Approval of Working Group Meeting Minutes

Members reviewed the August 12, 2025, meeting minutes that had been provided in advance. The meeting minutes were adopted unanimously.

III. Review of Draft Audit Threshold Changes

Working Group members reviewed draft language that would permit a relief association with assets and liabilities that drop below the audit threshold to revert to an agreed-upon procedures submission requirement, instead of continuing to have a required annual audit. The draft language

also provides a one-year grace period before an audit is required when a relief association exceeds the threshold in either assets or liabilities and allows a relief association to revert to the agreed-upon procedures requirement immediately in the year after dropping below the threshold. Finally, the draft language increases the threshold at which an annual audit is required, to \$1,000,000 in either special fund assets or liabilities. The changes would become effective December 31, 2026, for 2026 reports filed with the OSA during 2027. The draft language making these changes was adopted unanimously.

IV. Discussion of Annuities Purchased to Replace Monthly Benefits

Hennessy Allen explained that there are about 18 fire relief associations that pay or offer monthly service pensions. Most of these relief associations have discontinued the monthly benefit option for new firefighters. As the number of monthly benefit recipients decreases, some relief associations have inquired about discontinuing the monthly benefit service pensions and replacing them with either a lump sum benefit or annuity contract. Hennessy Allen shared that the OSA has heard a concern from firefighters in relief associations that have replaced, or are considering replacing, monthly benefits with annuities. The concern is that an annuity contract purchased from an insurance company carries the risk of the insurance company failing.

Scott Striegel, a Consulting Actuary with VIA Actuarial Solutions, shared helpful information with Working Group members about annuity contracts, risks in replacing monthly benefits with annuities and protections that are available to mitigate risks, including State Guaranty Associations, administrative burdens that are eased for relief association governing boards when an insurance company becomes responsible for finding and paying retirees, and best practices for finding and vetting insurance companies offering annuities.

Auditor Blaha shared draft language providing a needed clarification to the list of authorized special fund disbursements, to specifically include annuities when purchased to replace a monthly benefit service pension. The draft language was adopted unanimously.

V. Review of “Break in Service” Definition

Working Group members reviewed the definition of “break in service” in statute and discussed whether the definition is sufficient and accurate. Wall asked how the definition applies to relief association members who are employed as emergency medical personnel and don’t supervise or perform fire suppression or prevention duties. It was agreed that the definition would be reviewed for applicability to members who are emergency medical personnel, and the topic would be revisited at the September 30 meeting.

VI. Discussion of Combined Service Pensions

Hennessy Allen shared that a few relief associations have asked for clarification of how combined service is accrued if a firefighter is an active member of two different relief associations at the same time. The combined service pension provision refers to “subsequent” service and seems to imply that a firefighter’s service is consecutive, rather than concurrent. Working Group members discussed combined service pensions and whether any changes should be pursued. In response to a question about current practice, Advani shared that the OSA’s view is that successive service is permitted but combined service pensions are not an option when service is concurrent. It was



agreed that this topic would be revisited at the September 30 meeting and OSA staff would try to determine before then if there are relief associations in support of a change

VII. Other Business

There was no other business.

VIII. Next Meeting

Tuesday, September 30, 2025

2:00 p.m. to 3:30 p.m.

In-Person/Virtual Hybrid Format

IX. Adjournment

The meeting was adjourned at 3:30 pm.



Exhibit B

Return to Service Clarifications

Topic:

The subdivision governing service pension calculation requirements for firefighters who return to active fire department service and relief association membership following a break in service is complex and requires technical corrections identified by Office of the State Auditor staff. The goal of the draft language below is to clarify the return to service provision and incorporate necessary technical corrections.

Optional Changes:

424A.01 MEMBERSHIP IN A FIREFIGHTERS RELIEF ASSOCIATION.

Subd. 6. Return to active firefighting after break in service. (a) This subdivision governs the service pension calculation requirements of a firefighter who returns to active service after a break in service and applies to all breaks in service, ~~except that the resumption service requirements of this subdivision do not apply to leaves of absence made available by federal statute, such as the Family Medical Leave Act, United States Code, title 29, section 2691, and the Uniformed Services Employment and Reemployment Rights Act, United States Code, title 38, section 4301, and do not apply to leaves of absence made available by state statute, such as the Parental Leave Act, section 181.941; the Leave for Organ Donation Act, section 181.9456; the Leave for Civil Air Patrol Service Act, section 181.946; the Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service Act, section 181.947; or the Protection of Jurors' Employment Act, section 593.50.~~

(b)(1) If a firefighter who has a break in service of any duration resumes performing active firefighting with the fire department associated with the relief association, and if the bylaws of the relief association so permit, the firefighter may again become an active member of the relief association, subject to the requirements of this paragraph and the service pension calculation requirements under this section.

(2) A firefighter who has been paid a service pension or disability benefit must wait at least 60 days following receipt of the pension or benefit before resuming active firefighting with the fire department and active membership in the relief association.

(3) A firefighter who has been granted an approved leave of absence not exceeding one year by the fire department or by the relief association is exempt from ~~the any~~ minimum period of resumption service requirement of this ~~section subdivision~~.

(4) A person who has a break in service not exceeding one year but has not been granted an approved leave of absence may be made exempt from the minimum period of resumption service requirement of this section by the relief association bylaws.

(5) If the bylaws so provide, a firefighter who returns to active relief association membership after a break in service of any duration may continue to collect a monthly service pension from the relief association,

notwithstanding the requirement under section 424A.02, subdivision 1, that the firefighter has separated from active service.

(c) If a former firefighter who has been paid a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the resumption service period if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, as applicable, ~~or meets the resumption minimum service requirements specified and as defined~~ in the relief association's bylaws in effect on the date of the firefighter's separation from active service. No firefighter may be paid a service pension more than once for the same period of service.

(1) For defined benefit relief associations, the service pension for the resumption service period must be calculated by applying the service pension benefit level in effect on the date of the firefighter's termination of resumption service for all years of the resumption service.

(2) For defined contribution relief associations, the service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(3) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, the monthly service pension payments to the firefighter are suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension and meets the service requirements of section 424A.02, subdivision 2, the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension benefit level in effect on the date of the firefighter's termination of the resumption service for all years of service credit.

(4) A relief association may define in its bylaws vesting requirements that solely apply to former firefighters who have been paid a service pension or disability benefit and subsequently return to active relief association membership. If a relief association elects to define vesting requirements that are solely applicable to these former firefighters the requirements may be different than the requirements for all other relief association members and need not comply with the service requirements of section 424A.016, subdivision 3 or 424A.02, subdivision 2, but cannot require more than 20 years of active service for full vesting.

(d) If a former firefighter who has not been paid a service pension or disability benefit returns to active relief association membership under paragraph (b), the firefighter may qualify for the receipt of a service pension from the relief association for the original and resumption service periods if the firefighter meets the service requirements of section 424A.016, subdivision 3, or 424A.02, subdivision 2, as applicable and as defined in the bylaws in effect on the date of the firefighter's separation from active service, based on the original and resumption years of service credit.

(1) Defined benefit relief associations may define in their bylaws a minimum period of resumption service requirement that applies to firefighters who return to active membership and who have not been paid a service pension or disability benefit for their original period of service. If a minimum period of resumption service requirement is defined the requirement must be completed prior to a firefighter's cessation of resumption service for the firefighter to be eligible for service pension benefit level increases that occurred after the firefighter's original period of service. If a minimum period of resumption service requirement is not

completed prior to a firefighter's cessation of resumption service, the service pension benefit level in effect on the date of the firefighter's termination of original service will be used to calculate any service pension payable for the original and resumption service periods. If the minimum period of resumption service requirement is completed prior to a firefighter's cessation of resumption service, the service pension benefit level in effect on the date of the firefighter's separation from active resumption service will be used to calculate any service pension payable for both the original and resumption service periods. Any service pension payable under this paragraph to a firefighter for the original and resumption service periods is less any amounts previously forfeited under section 424A.02, subdivision 3(c).

(2) For defined contribution relief associations, any service pension payable under this paragraph to a firefighter for the original and resumption service periods is less any amounts previously forfeited under section 424A.016, subdivision 4.

~~(c) A firefighter who returns to active lump-sum relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a lump-sum service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, a second lump-sum service pension for the resumption service period must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of the resumption service.~~

~~(f) A firefighter who had not been paid a lump-sum service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active lump-sum relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.~~

~~(g) If a firefighter receiving a monthly benefit service pension returns to active monthly benefit relief association membership under paragraph (b), and if the relief association bylaws do not allow for the firefighter to continue collecting a monthly service pension, any monthly benefit service pension payable to the firefighter is suspended as of the first day of the month next following the date on which the firefighter returns to active membership. If the firefighter was receiving a monthly benefit service pension, and qualifies for a service pension under paragraph (c), the firefighter is entitled to an additional monthly benefit service pension upon a subsequent cessation of duties calculated based on the resumption service credit and the service pension accrual amount in effect on the date of the termination of the resumption service. A suspended initial service pension resumes as of the first of the month next following the termination of the resumption service. If the firefighter was not receiving a monthly benefit service pension and meets the minimum service requirement of section 424A.02, subdivision 2, a service pension must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service for all years of service credit.~~

~~(h) A firefighter who was not receiving a monthly benefit service pension returns to active relief association membership under paragraph (b), who did not meet the minimum period of resumption service requirement specified in the relief association's bylaws, but who does meet the minimum service requirement of section 424A.02, subdivision 2, based on the firefighter's original and resumption years of active service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service~~



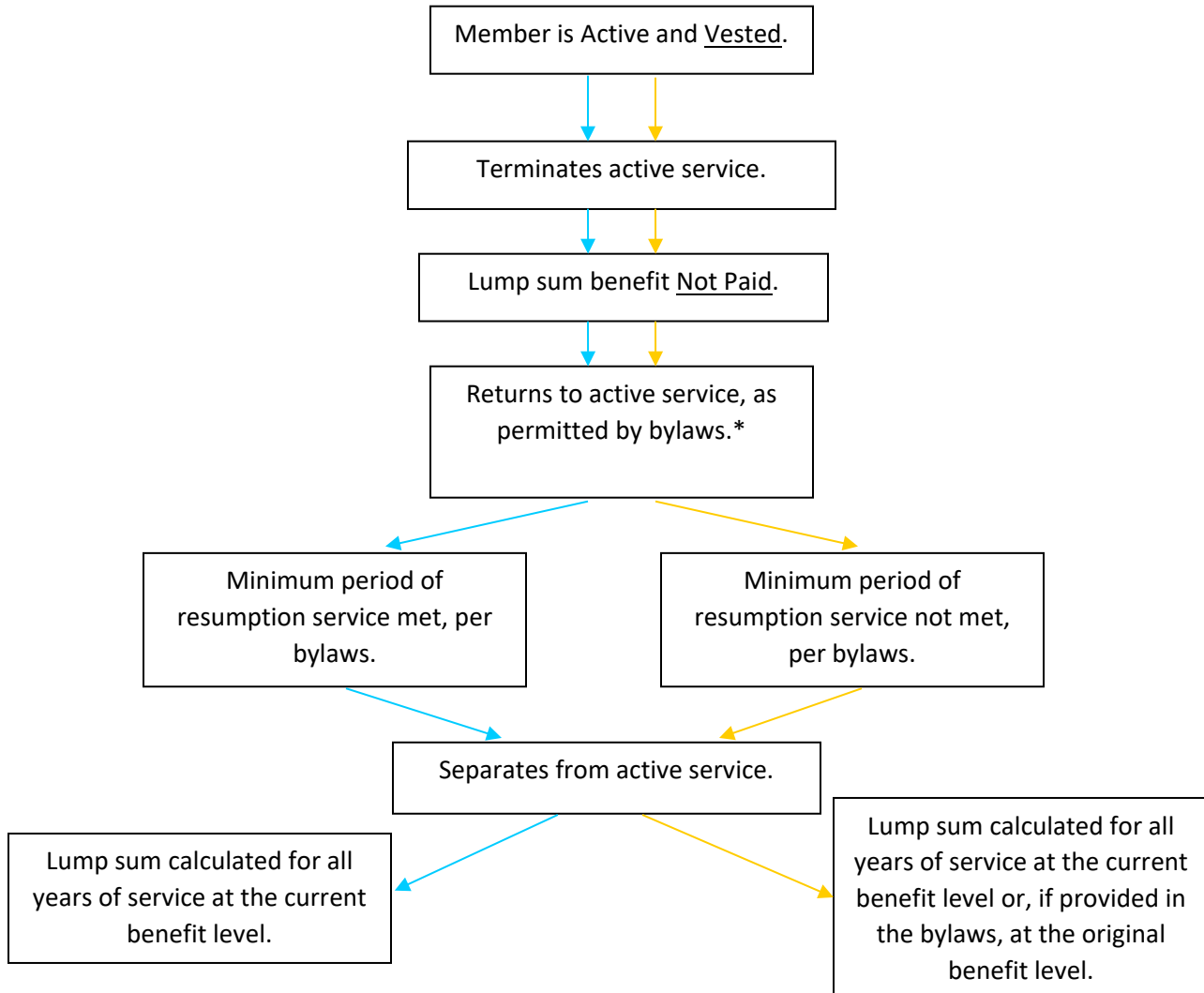
periods calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service, or, if the bylaws so provide, based on the service pension amount in effect on the date of the firefighter's previous cessation of duties. The service pension for a firefighter who returns to active relief association membership under this paragraph, but who had met the minimum period of resumption service requirement specified in the relief association's bylaws, must be calculated by applying the service pension amount in effect on the date of the firefighter's termination of the resumption service.

(i) For defined contribution plans, a firefighter who returns to active relief association membership under paragraph (b) and who qualifies for a service pension under paragraph (c) or (d) must have, upon a subsequent cessation of duties, any service pension for the resumption service period calculated as a separate benefit. If a service pension had been paid to the firefighter upon the firefighter's previous cessation of duties, and if the firefighter meets the minimum service requirement of section 424A.016, subdivision 3, or meets the resumption minimum service requirements specified in the relief association's bylaws, as applicable, as specified in the bylaws based on the resumption years of service, a second service pension for the resumption service period must be calculated to include allocations credited to the firefighter's individual account during the resumption period of service and deductions for administrative expenses, if applicable.

(j) For defined contribution plans, if a firefighter who had not been paid a service pension returns to active relief association membership under paragraph (b), and who meets the minimum service requirement of section 424A.016, subdivision 3, based on the firefighter's original and resumption years of service, must have, upon a subsequent cessation of duties, a service pension for the original and resumption service periods calculated to include allocations credited to the firefighter's individual account during the original and resumption periods of service and deductions for administrative expenses, if applicable, less any amounts previously forfeited under section 424A.016, subdivision 4.

Exhibit A
Return to Service Flow Chart
Lump Sum Benefit Recipient, Benefit Not Yet Paid

Lump Sum Service Pensions



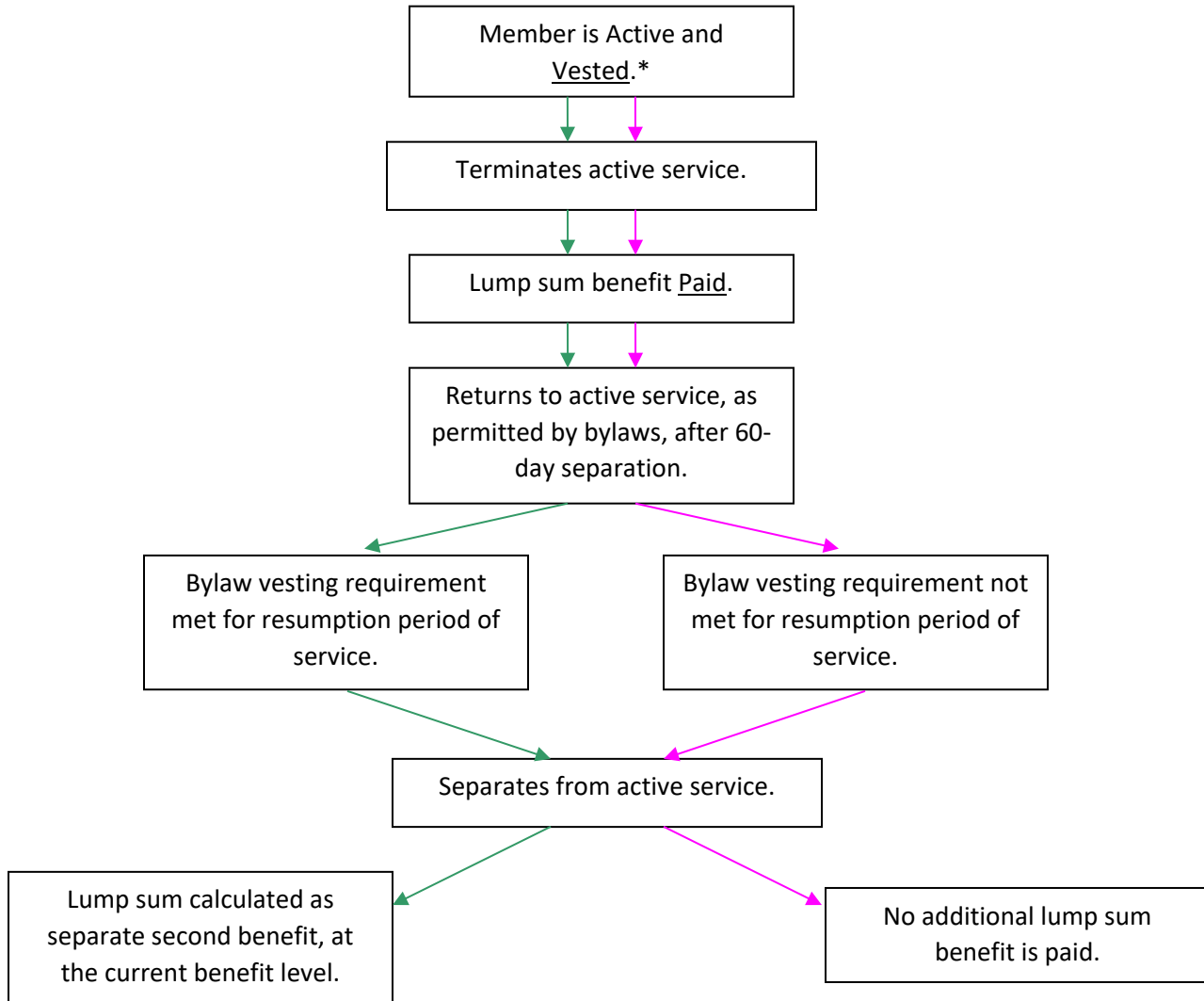
* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.

Reviewed: April 2025

This Statement of Position is not legal advice and is subject to revision.

Exhibit B
Return to Service Flow Chart
Lump Sum Benefit Recipient, Benefit Has Been Paid

Lump Sum Service Pensions

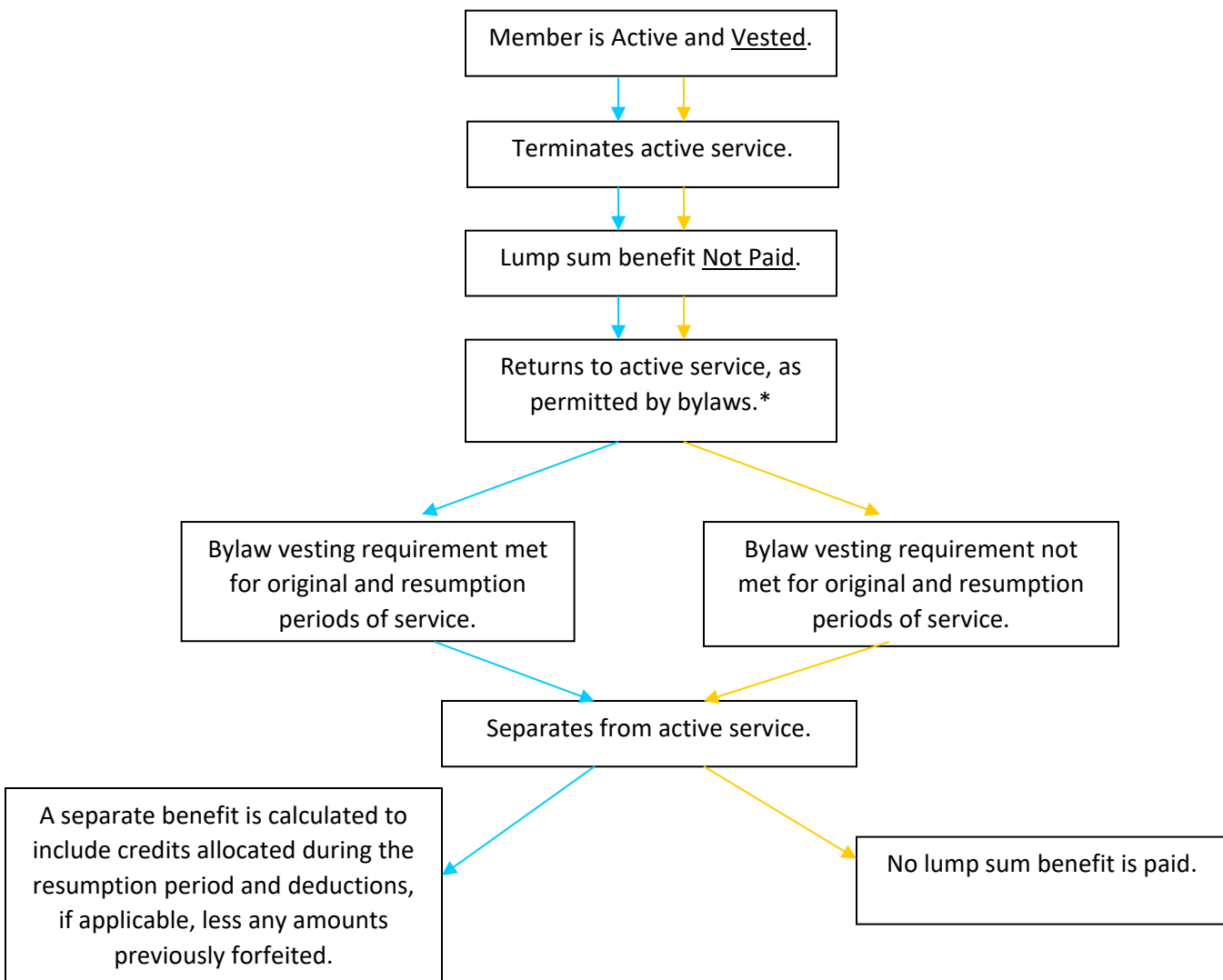


* Relief associations have authority to amend their bylaws to adopt different vesting requirements for members who resume active service and membership after being paid a service pension or disability benefit. Relief associations electing to define shorter vesting requirements for these specific members have the authority to define the minimum service requirements as they wish in the bylaws.

Reviewed: April 2025

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Exhibit C
Return to Service Flow Chart
Defined Contribution Benefit Recipient, Benefit Not Yet Paid
Defined Contribution Lump Sum Service Pensions



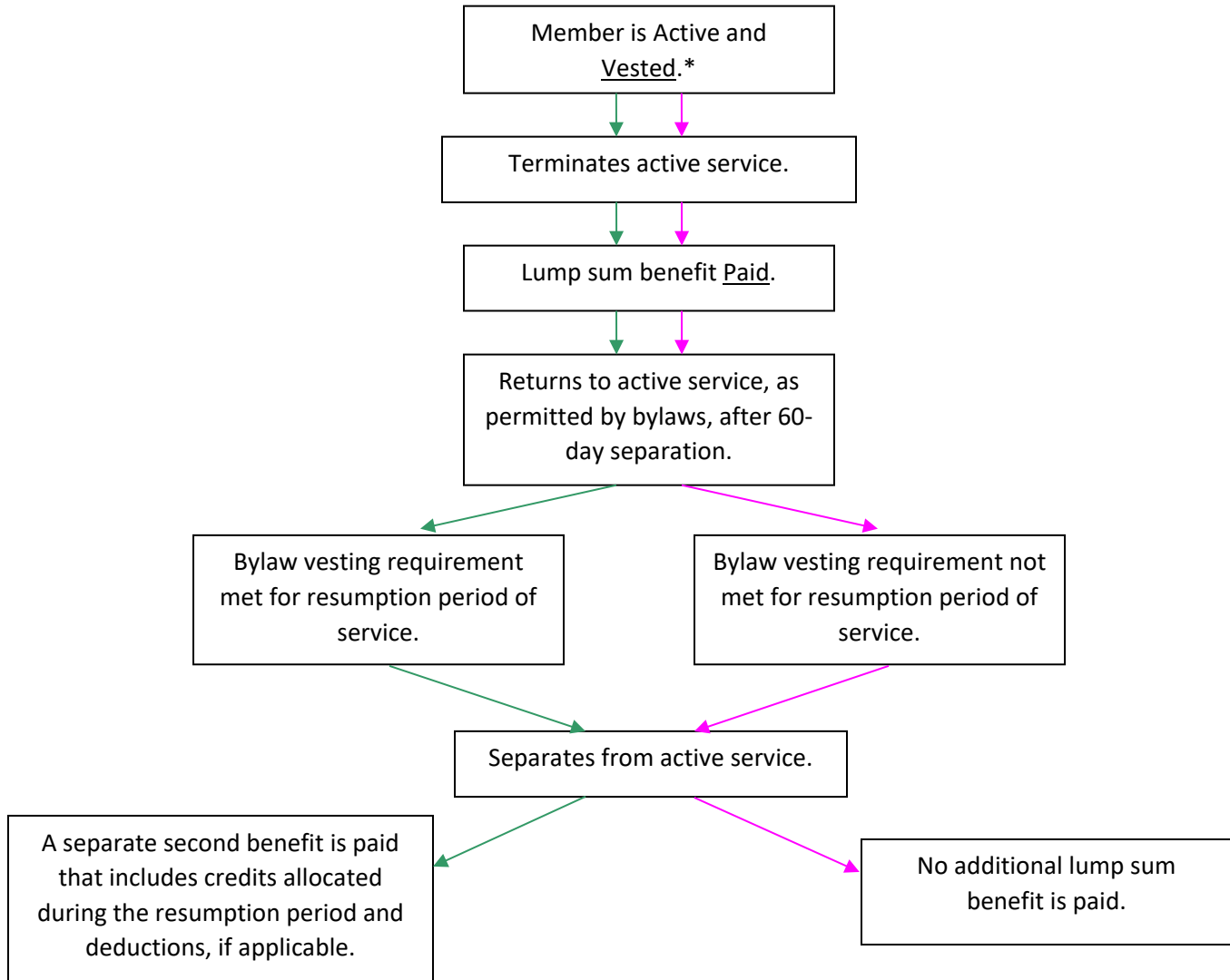
* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.

Reviewed: April 2025

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Exhibit D
Return to Service Flow Chart
Defined Contribution Benefit Recipient, Benefit Has Been Paid

Defined Contribution Lump Sum Service Pensions



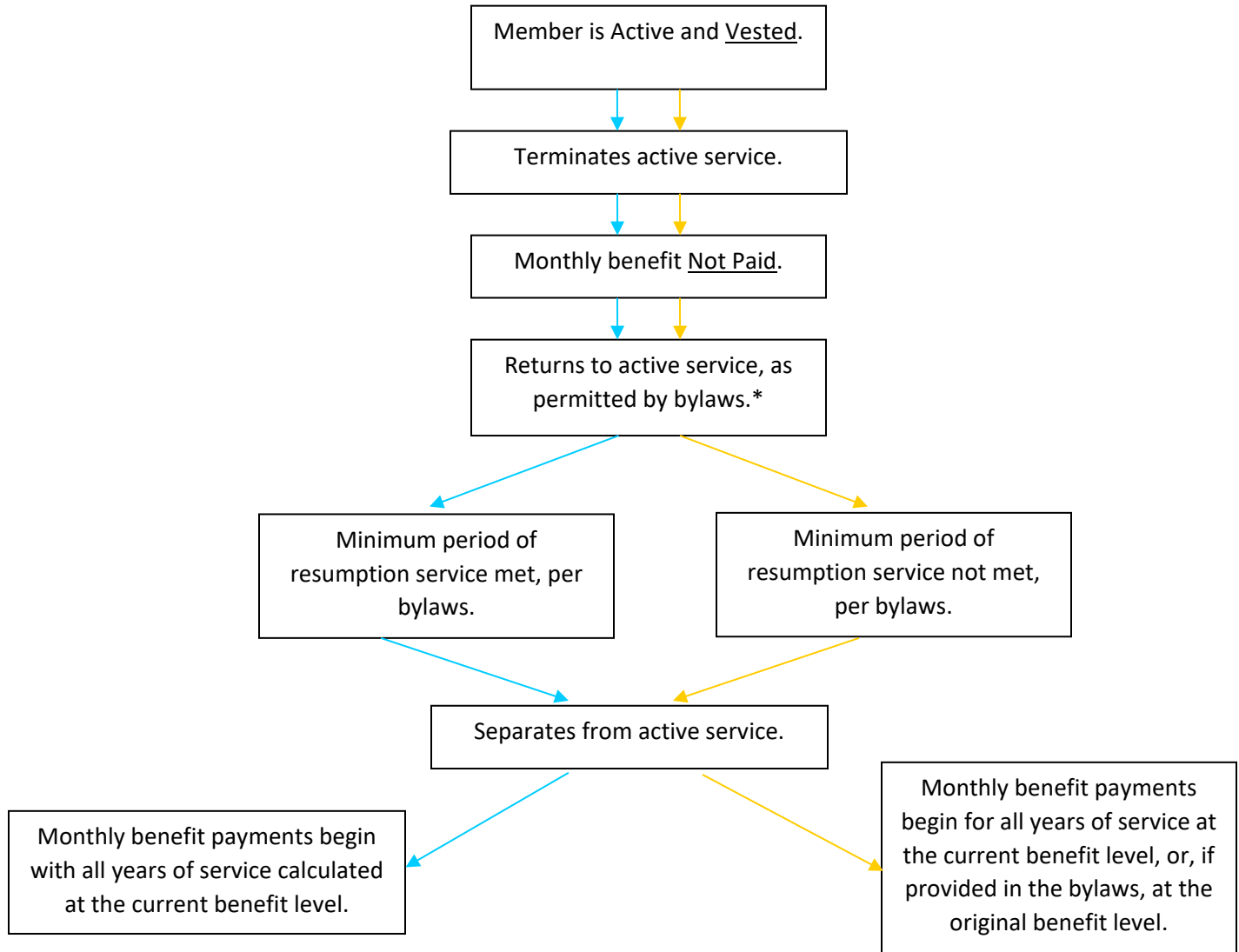
* Relief associations have authority to amend their bylaws to adopt different vesting requirements for members who resume active service and membership after being paid a service pension or disability benefit. Relief associations electing to define shorter vesting requirements for these specific members have the authority to define the minimum service requirements as they wish in the bylaws.

Reviewed: April 2025

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Exhibit E
Return to Service Flow Chart
Monthly Benefit Recipient, Benefit Has Been Paid

Monthly Service Pensions



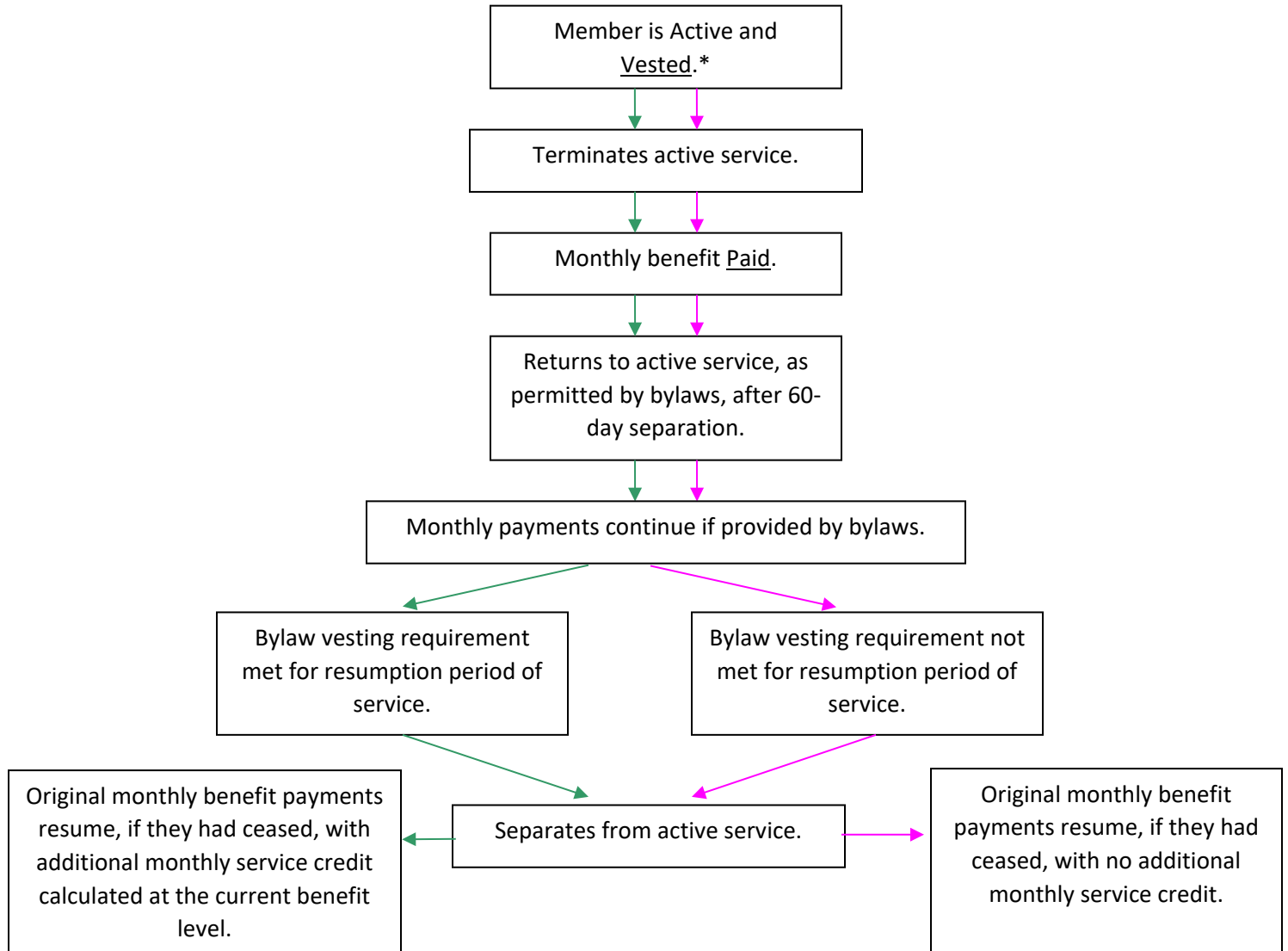
* Members with an approved leave of absence not exceeding one year are not subject to a minimum period of resumption service upon their return to service. Members with a break in service, other than an approved leave, that did not exceed one year and who have not been paid a benefit may be exempt from the minimum period of resumption service requirement by the relief association bylaws.

Reviewed: April 2025

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Exhibit F
Return to Service Flow Chart
Monthly Benefit Recipient, Benefit Being Paid

Monthly Service Pensions



* Relief associations have authority to amend their bylaws to adopt different vesting requirements for members who resume active service and membership after being paid a service pension or disability benefit. Relief associations electing to define shorter vesting requirements for these specific members have the authority to define the minimum service requirements as they wish in the bylaws.

Reviewed: April 2025

This Statement of Position is not legal advice and is subject to revision.



Exhibit D

Firefighter and Service Definitions

Topic:

When the Working Group reviewed the “break in service” definition for fire relief associations during the September 16 meeting, a question was raised about how the definition applies to relief association members who are employed as emergency medical personnel and do not perform or supervise fire suppression or fire prevention duties.

In reviewing this question, Office of the State Auditor staff identified several changes that are provided below for consideration to include fire prevention personnel and volunteer emergency medical personnel in the service definitions.

Optional Changes:

424A.001 DEFINITIONS.

Subd. 8. **Firefighting service.** "Firefighting service" means duties performed by firefighters and, if approved by the appropriate municipality or municipalities, duties performed by fire prevention personnel and volunteer emergency medical personnel under section 424A.01.

Subd. 9. **Separate from active service.** "Separate from active service" means that a ~~firefighter person~~ permanently ceases to perform ~~fire suppression duties and fire prevention duties~~ and, ~~permanently ceases to supervise fire suppression, and fire prevention duties~~ all firefighting service with a particular fire department.

Subd. 9a. **Break in service.** "Break in service" means that a person temporarily ceasing all of the following ceases to perform and supervise all firefighting service with a particular fire department:

- ~~(1) performing fire suppression duties;~~
- ~~(2) performing fire prevention duties;~~
- ~~(3) supervising fire suppression duties; and~~
- ~~(4) supervising fire prevention duties.~~

Subd. 9b. **Firefighter.** "Firefighter" means a person who is a member of the fire department and who is a volunteer firefighter, paid on-call firefighter, part-time firefighter, full-time firefighter, career firefighter, or any combination thereof, and who, in that capacity, engages in firefighting service.



Exhibit E

Combined Service Pensions

Topic:

During the September 16 meeting, Working Group members considered whether clarification is needed regarding the accrual of combined service if a firefighter is an active member of two different relief associations at the same time. There doesn't seem to be interest among fire relief associations in providing combined service pensions for firefighters with concurrent service and authorizing combined service in these scenarios would add additional complexity to retirement benefit calculations. Office of the State Auditor staff recommend that no changes be pursued at this time to authorize combined service pensions for firefighters with concurrent service.

Statute:

424A.015 GENERALLY APPLICABLE FIREFIGHTERS RELIEF ASSOCIATION PENSION PLAN REGULATION.

Subd. 7. **Combined service pensions.** (a) A member with credit for service as an active firefighter in more than one firefighters relief association is entitled to a service pension from each participating relief association if:

(1) the articles of incorporation or bylaws of the relief associations provide for such combined service pensions;

(2) the applicable requirements of paragraphs (b) to (e) are met; and

(3) the member otherwise qualifies.

(b) A member receiving a service pension under this subdivision must be at least partially vested under the bylaws of the first participating relief association on the date on which the member terminates active service with that relief association. The service pension paid from the first participating relief association shall be based on the years of active service accrued in the first relief association and the vesting percentage applicable to those years of active service.

(c) To receive a service pension from each subsequent relief association, the member must be at least partially vested under the bylaws of the subsequent relief association, taking into consideration the member's total service credit accrued in all participating relief associations to the date the member terminates active service with the subsequent relief association. The service pension paid from each subsequent relief association shall be based on the years of active service accrued solely in that relief association and the vesting percentage applicable to the combined amount of total service credit accrued in all of the participating relief associations.

(d) The member must have one or more years of service credit in each participating relief association. The service pension must be based on:

(1) for defined benefit relief associations, the service pension amount in effect for the relief association on the date on which the member's active firefighting services covered by that relief association terminate; and



(2) for defined contribution relief associations, the member's individual account balance on the date on which the member's active firefighting services covered by that relief association terminate.

(e) To receive a service pension under this subdivision, the member must become a member of the subsequent relief association within two years of the date of termination of active service with the prior relief association. If requested by the member or a subsequent relief association, the secretary of each prior relief association must provide written notice to the member and the subsequent relief association regarding the amount of active service accrued by the member in the prior relief association.



Exhibit F

Audit Threshold Changes

Topic:

Because of the shortage of public finance staff, we continue to receive requests from relief association trustees and from audit firms to consider changes so that audits are focused where they will be most effective. The goals of the changes below are to:

- Increase the threshold at which an annual audit is required to \$1,000,000;
- Allow relief associations that drop below the audit threshold to have an AUP performed instead of requiring a full financial audit; and
- Provide a one-year grace period before audits become required when a relief association exceeds the threshold.

424A.014 FINANCIAL REPORT; BOND; EXAMINATION.

Subdivision 1. Financial report and audit. (a) An annual financial report and audited financial statements in accordance with paragraphs (c) to (e) must be submitted by the board of trustees of the Bloomington Fire Department Relief Association and the board of trustees of each firefighters relief association with special fund assets of at least ~~\$750,000~~ \$1,000,000 or special fund liabilities of at least ~~\$750,000~~ \$1,000,000, according to ~~any~~ the previous year's financial report.

(b) The board of trustees of a firefighters relief association with special fund assets of less than ~~\$750,000~~ \$1,000,000 and special fund liabilities of less than ~~\$750,000~~ \$1,000,000, according to ~~each~~ the previous year's financial report, may submit an annual financial report and audited financial statements in accordance with paragraphs (c) to (e). If the special fund assets or special fund liabilities of a firefighters relief association to which this paragraph applies subsequently exceed \$1,000,000 as of the beginning of a calendar year, then an annual financial report and audited financial statements shall be required under paragraph (a) beginning with reports filed with the state auditor in the calendar year following the calendar year in which the \$1,000,000 threshold was exceeded.

(c) The financial report must cover the relief association's special fund and general fund and be in the style and form prescribed by the state auditor. The financial report must be countersigned by:

(1) the municipal clerk or clerk-treasurer of the municipality in which the relief association is located if the relief association is directly associated with a municipal fire department;

(2) the municipal clerk or clerk-treasurer of the largest municipality in population that contracts with the independent nonprofit firefighting corporation if the firefighters relief association is a subsidiary of an independent nonprofit firefighting corporation, and by the secretary of the independent nonprofit firefighting corporation; or

(3) the chief financial official of the county in which the firefighters relief association is located or primarily located if the relief association is associated with a fire department that is not located in or associated with an organized municipality.

(d) The financial report must be retained in the office of the Bloomington Fire Department Relief Association or the firefighters relief association for public inspection and must be filed with the governing body



of the government subdivision in which the associated fire department is located after the close of the fiscal year. One copy of the financial report must be furnished to the state auditor on or before June 30 after the close of the fiscal year.

(e) Audited financial statements that present the true financial condition of the relief association's special fund and general fund must be attested to by a certified public accountant or by the state auditor and must be filed with the state auditor on or before June 30 after the close of the fiscal year. Audits must be conducted in compliance with generally accepted auditing standards and section 6.65 governing audit procedures. The state auditor may accept audited financial statements in lieu of the financial report required in paragraph (a).

EFFECTIVE DATE; APPLICATION.

This act is effective on December 31, 2026, and applies to audited financial statements for calendar year 2026 and thereafter. A relief association with special fund assets of less than \$1,000,000 and special fund liabilities of less than \$1,000,000 on December 31, 2026, is not required to submit audited financial statements under Minnesota Statutes, section 424A.014, subdivision 1, unless and until the association's special fund assets or special fund liabilities exceed \$1,000,000, even if audited financial statements were required on the date immediately prior to the effective date.



Exhibit G

Authorized Special Fund Expenditures

Topic:

There are about 18 fire relief associations that pay or offer monthly service pensions. Most of these relief associations have discontinued the monthly benefit option for new firefighters. As the number of monthly benefit recipients decreases, some relief associations have inquired about discontinuing the monthly benefit service pensions and replacing them with either a lump sum benefit or annuity contract, as provided in the provision below.

In responding to these inquiries, OSA staff noted that a clarification may be needed to the list of authorized special fund disbursements, to specifically include annuities when purchased to replace a monthly benefit service pension. The change below adds this clarification.

424A.05 RELIEF ASSOCIATION SPECIAL FUND.

Subd. 3. **Authorized disbursements from special fund.** (a) Disbursements from the special fund may not be made for any purpose other than one of the following:

(1) for the payment of service pensions to retired members of the relief association if authorized and paid under law and the bylaws governing the relief association;

(2) for the purchase of an annuity for the applicable person under section 424A.015, subdivision 3, for the purchase of an annuity to replace a monthly benefit service pension under section 424A.093, subdivision 1, for the transfer of service pension or benefit amounts to the applicable person's individual retirement account under section 424A.015, subdivision 4, or to the applicable person's account in the Minnesota deferred compensation plan under section 424A.015, subdivision 5;

(3) for the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(4) for the payment of survivor benefits or for the payment of a death benefit to the estate of the deceased active or deferred firefighter, if authorized and paid under law and specified in amount in the bylaws governing the relief association;

(5) for the payment of the fees, dues and assessments to the Minnesota State Fire Department Association and to the Minnesota State Fire Chiefs Association in order to entitle relief association members to membership in and the benefits of these associations or organizations;

(6) for the payment of insurance premiums to the state Volunteer Firefighters Benefit Association, or an insurance company licensed by the state of Minnesota offering casualty insurance, in order to entitle relief association members to membership in and the benefits of the association or organization;



(7) for the payment of administrative expenses of the relief association as authorized under subdivision 3b; and

(8) for the payment of a service pension to the former spouse of a member or former member of a relief association, if the former spouse is an alternate payee designated in a qualified domestic relations order under subdivision 5.

(b) Checks or authorizations for electronic fund transfers for disbursements authorized by this section must be signed by the relief association treasurer and at least one other elected trustee who has been designated by the board of trustees to sign the checks or authorizations. A relief association may make disbursements authorized by this subdivision by electronic fund transfers only if the specific method of payment and internal control policies and procedures regarding the method are approved by the board of trustees.

EFFECTIVE DATE. This section is effective the day following final enactment.



Exhibit H

Deferred Member Allocations

424A.016 DEFINED CONTRIBUTION FIREFIGHTERS RELIEF ASSOCIATION SPECIFIC REGULATION.

Subd. 6. Deferred service pensions. (a) A "deferred member" means a member of a relief association who has separated from active service and membership and has completed the minimum service and membership requirements in subdivision 2. The requirement that a member separate from active service and membership is waived for persons who have discontinued their volunteer firefighter and paid on-call firefighter duties and who are employed on a part-time or full-time basis under section 424A.015, subdivision 1.

(b) A deferred member is entitled to receive a deferred service pension when the member reaches at least age 50, or at least the minimum age specified in the bylaws governing the relief association if that age is greater than age 50, and makes a valid written application.

(c) A defined contribution relief association must credit ~~interest or~~ additional investment performance on the deferred lump-sum service pension during the period of deferral for all deferred members on or after January 1, 2021. A defined contribution relief association may specify in its bylaws the method by which it will credit ~~interest or~~ additional investment performance to the accounts of deferred members. Such method shall be limited to one of the three methods provided in this paragraph. In the event the bylaws do not specify a method, the ~~interest or~~ additional investment performance must be credited using the method defined in clause (3). The permissible methods are:

(1) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association in a separate account established and maintained by the relief association;

(2) at the investment performance rate actually earned on that portion of the assets if the deferred benefit amount is invested in a separate investment vehicle held by the relief association; or

(3) at the investment return on the assets of the special fund of the defined contribution relief association in proportion to the share of the assets of the special fund to the credit of each individual deferred member account.

(d) Notwithstanding the requirements of section 424A.015, subdivision 6, bylaw amendments made in accordance with paragraph (c) on or before January 1, 2022, shall apply to members already in deferred status as of January 1, 2021.

(e) Unless the bylaws provide differently, ~~interest or~~ additional investment performance must be allocated to each deferred member account beginning on the date that the member separates from active service and membership and ending on the last date that the deferred member account is valued before the final distribution of the deferred service pension.

EFFECTIVE DATE. This section is effective the day following final enactment.