



Pension Division Newsletter

May 2022

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Legislative Update

The [2022 Pension and Retirement Omnibus Policy Bill](#), which includes the State Auditor's Volunteer Fire Relief Association Working Group proposals, was passed by both the House and Senate, and was signed into law by Governor Walz on May 22.

We would like to thank the Working Group members for their work on this legislation and also thank all of those who attended the meetings to provide input.

In addition to making some technical changes, the bill:

- Modifies the limit on maximum benefit levels to be the lesser of \$15,000 per year of service (for lump sum plans), or the existing limit determined in statute if the benefit increase was not ratified by the affiliated municipality;
- Authorizes payment to a former spouse under a qualified domestic relations order and allows relief associations to amend their bylaws to pay the benefit to an alternate payee immediately, rather than waiting until the firefighter reaches age 50;
- Provides greater transparency by requiring that a fire chief provides a written explanation and documentation of service credit amounts when a firefighter appeals his or her certified amount of service credit; and
- Permits a supplemental benefit to be paid for each distribution from a relief association, including instances when a firefighter receives more than one lump sum distribution, and authorizes the Department of Revenue to reimburse relief associations for each benefit.

The bill also includes language, which was not part of the Working Group proposals but added by legislators, that requires the Office of the State Auditor (OSA) to provide additional information on the annual "Investment Report Card" emailed to each relief association, showing a comparison of relief association and State Board of Investment rates of return. Each relief association's board of trustees will be required to review this investment information and certify to the OSA that the information has been reviewed.

The "Investment Report Card" for the year ended December 31, 2021, has been updated to include the additional comparison now required in statute. A certification that the investment information has been reviewed by the board of trustees will be added to the 2022 FIRE Form filed with our office during 2023.

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What’s Ahead:

June 30:

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are due to the OSA.

August 1:

The 2022 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

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.

Reporting Reminder

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are required to be submitted to the OSA by June 30. Relief associations with assets or liabilities above this statutory threshold must also submit an annual audit to the OSA.

Whether a relief association has exceeded the statutory threshold is determined using end of year asset and liability amounts, and is based on Special Fund amounts only. After a relief association exceeds the threshold in either assets or liabilities, according to the previous year’s financial report, an audit is required beginning with the next reporting year’s reports.

The [2021 Minnesota Legal Compliance Audit Guide for Relief Associations](#) prescribes the minimum procedures and audit scope for legal compliance audits.

The reporting forms can be accessed through the [State Auditor’s Form Entry System \(SAFES\)](#) website. Helpful hints for completing, submitting, and electronically signing the reporting forms are included in the [Reporting Checklist for Volunteer Fire Relief Associations](#).

If you have not already done so, please complete and submit the [2022 User Authorization Form](#) to provide the relief association’s accountant or auditor with access to the relief association’s reporting information.

Relief associations with assets and liabilities that are both less than \$500,000 are permitted to submit certified, rather than audited, financial statements to the OSA and have a March 31 reporting deadline. The certification must be signed by a certified public accountant in accordance with [agreed-upon procedures and forms](#) prescribed by the OSA.

Annual Business Renewal

Every volunteer fire relief association must register annually as a nonprofit corporation with the Minnesota Secretary of State’s Office. If a relief association fails to register or to notify the Secretary of State of corporate name or address changes, the Secretary of State may reject the registration and dissolve the relief association’s nonprofit corporation status, which may result in tax implications.

A relief association can learn of its status by going to the Secretary of State’s website. Relief associations with a renewal due date displayed as 12/31/2022, must complete the registration before December 31, 2022, or face possible dissolution of the association’s nonprofit corporation status. If a relief association has completed its registration for this calendar year, the “renewal due date” displayed on the Secretary of State’s website will read 12/31/2023.

The annual registration can be completed online at the [Secretary of State’s website](#).

Volunteer Emergency Medical Personnel

Statements of Position:

On January 1, 2019, a law went into effect that allows volunteer emergency medical personnel who are members of a fire department to become members of the affiliated relief association and to be eligible for service pensions from the relief association on the same basis as volunteer firefighters. In order for this membership expansion to take place, a relief association must amend its bylaws to authorize the change and the municipality must approve the change.

Firefighter Service Credit Determinations

Historically, there has been a gap in pension coverage for individuals who are solely providing emergency medical services on a volunteer basis. The change in law is seen by some communities as an important tool to help recruit and retain individuals who are solely providing medical services for volunteer fire departments.

Municipal Contribution Calculations for Monthly Plans

For city and town fire departments, the addition of volunteer emergency medical personnel to a relief association’s membership must be approved by the city council or town board. If the fire department is a joint powers entity, the membership expansion must be approved by the joint powers board. If the fire department is an independent nonprofit firefighting corporation, the municipality or municipalities that contract with the fire department must approve the membership expansion.

Required Municipal Contributions

The statutes were also updated to authorize volunteer emergency medical personnel who receive a relief association service pension or benefit to be eligible for the supplemental benefit distribution. Relief associations are able to seek reimbursement of these supplemental benefit payments, using the same reimbursement form and process as used for firefighter supplemental benefit payments.

Considerations When Making Benefit Changes

The OSA’s [Sample Bylaw Guides](#), available in both Word and PDF formats, have been updated to include optional language that a relief association may use to authorize the inclusion of volunteer emergency medical personnel.

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