

# Pension Division Newsletter

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## Working Group Update

The 2012-2013 Volunteer Fire Relief Association Working Group held its final meeting for this legislative session on Tuesday, January 15. The Working Group conducted a final review of its legislative proposals, and adopted them with minor modifications.

The Group’s legislative proposals include modifications to how deferred interest is calculated and paid for certain members of defined-benefit plans. For defined-benefit relief associations that pay interest to deferred members at an interest rate established by the associations’ board of trustees, the Working Group agreed that the interest rate will become effective on the January 1 following the date on which the rate is set by the board of trustees and ratified by the municipality. This proposed legislative change will clarify when deferred interest rates become effective, will create a simpler uniform calculation method for those calculating deferred interest amounts, and will work with the calculation method used on the Office of the State Auditor’s Schedule Form.

The Group’s legislative proposals also clarify that municipal ratification is required of deferred interest rates established by a relief association’s board of trustees. If a relief association is affiliated with an independent nonprofit firefighting corporation, the interest rates must be ratified by the corporation.

The final substantive proposal included in the Group’s legislative package makes payment of a supplemental survivor benefit to qualified recipients mandatory, and eliminates the requirement that authorizing language be included in a relief association’s bylaws to pay the supplemental survivor benefit.

The Working Group’s proposals also include several technical changes that eliminate out-of-date statutory references and correct awkward statutory language.

Working Group meeting materials and a copy of the 2013 bill are available on our website at:

<http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>.



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**What's Ahead:****February 15**

Supplemental Benefit Reimbursement form is due to the Department of Revenue to receive reimbursement of supplemental benefits paid during 2012.

**March 15**

Fire Equipment Certification Form (FA-1 Form) is due to the Department of Revenue.

**March 31:**

Reporting forms for relief associations with assets and liabilities of less than \$200,000 are due to the Office of the State Auditor.

**March 31:**

Investment Business Recipient Disclosure Form is due to the Legislative Commission on Pensions and Retirement.

## Records Retention Schedule Reminder

This past fall we provided relief association trustees with several notices regarding the creation of a General Records Retention Schedule that has been approved for use by volunteer fire relief associations. As a reminder, relief associations are governmental entities that receive and manage public money. Therefore, they must follow state guidelines that govern the retention of records. Until recently, a relief association did not have authority to destroy records unless that association had received specific individual approval from the State Records Disposition Panel.

A relief association now has several options for the retention of its records. A relief association can choose to adopt the new general records retention schedule in its entirety and notify the Minnesota Historical Society of its adoption. Relief associations choosing this option may destroy certain types of records after they have been maintained for a specified length of time.

Alternatively, a relief association can choose to modify the general records retention schedule or to create its own schedule. Relief associations choosing these options must submit the proposed schedule to the Records Disposition Panel for approval before the customized schedule may be used and records destroyed.

If a relief association fails to choose one of these options, the association must permanently retain all of its records.

The general records retention schedule, instructions on how to use the schedule, and a form for use in notifying the Minnesota Historical Society that the schedule has been adopted can be found at: [http://www.mnhs.org/preserve/records/docs\\_pdfs/Complete\\_MFRASchedule2012.pdf](http://www.mnhs.org/preserve/records/docs_pdfs/Complete_MFRASchedule2012.pdf).

Additional information about the retention of records and records management for relief associations is available on the Office of the State Auditor's website.

See the Statement of Position on the retention of records at: <http://www.auditor.state.mn.us/default.aspx?page=20120928.000> and see the Statement of Position on records management at: <http://www.auditor.state.mn.us/default.aspx?page=20110527.008>.

Finally, an article that we wrote on this topic for the Minnesota Fire Chief magazine can be viewed at: [http://www.auditor.state.mn.us/other/columns/RecordsManagementforMNFIRECHIEF\\_1211.pdf](http://www.auditor.state.mn.us/other/columns/RecordsManagementforMNFIRECHIEF_1211.pdf).

**Sample Bylaw  
Guides:**

**Lump-Sum**

[City Fire Department](#)

[Town Fire  
Department](#)

[Joint-Powers Fire  
Department](#)

[Independent  
Corporation](#)

**Defined-  
Contribution**

[City Fire Department](#)

[Town Fire  
Department](#)

[Joint-Powers Fire  
Department](#)

[Independent  
Corporation](#)

## **Fire Service Day at the Capitol**

Several fire service organizations coordinate an annual Fire Service Day at the State Capitol. This year's Fire Service Day is scheduled for Tuesday, February 5. Firefighters who are attending the conference and visiting the State Capitol are encouraged to stop by our office to meet the Pension Division team.

Our office is located one block north of the Capitol, at 525 Park Street, on the fifth floor (see <http://www.auditor.state.mn.us/default.aspx?page=directions>). Information regarding Fire Service Day is provided on the Minnesota State Fire Chiefs Association website at [http://www.msfc.org/day\\_at\\_capitol/day\\_at\\_capitol.html](http://www.msfc.org/day_at_capitol/day_at_capitol.html).

## **Large Plan Investment Report Released**

The Office of the State Auditor has released the Large Public Pension Plan Investment Report. The report reviews the investment performance of Minnesota's large public pension plans for the 2011 calendar year. The individual large public pension plans included in this report are the Bloomington Fire Department Relief Association, the Duluth Teachers' Retirement Fund Association, and the St. Paul Teachers' Retirement Fund Association. Investment information for the State Board of Investment is also provided.

To view the complete report, go to:

<https://www.auditor.state.mn.us/default.aspx?page=20130109.000>

## **SAFES User Authorization Form**

Access to the State Auditor's Form Entry System (SAFES) for many accountants, auditors, and other consultants who work with relief associations expired at the end of the 2012 calendar year. SAFES access allows an authorized individual to download, submit, and electronically sign relief association reporting forms.

Relief associations can renew SAFES access for their accountants, auditors, and consultants by completing the SAFES User Authorization Form that is available for download at:

[https://www.auditor.state.mn.us/Forms/SAFESAauthorization\\_12.pdf](https://www.auditor.state.mn.us/Forms/SAFESAauthorization_12.pdf)

Completed forms can be submitted to the Pension Division by e-mail at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us) or by fax at (651) 282-5298.

## Relief Association Survey Update

**Statements of Position:**

The Office of the State Auditor recently conducted an informal survey of relief association trustees, municipal officials, and consultants to gather information on IRS tax-exempt and 990 filing issues and on the new “return to service” law. About 375 people completed the survey. Many of the survey respondents shared comments about their relief associations’ experience working with the IRS.

Considerations When Making Benefit Changes

Many also asked if the State of Minnesota or the Office of the State Auditor’s Working Group have authority to change relief association IRS reporting requirements. Any change to IRS reporting requirements must be made at the federal level.

Return to Service

Work was done during 2011 to develop a streamlined process for Minnesota relief associations to address tax-exempt status issues. Representatives within the IRS made clear that each relief association’s situation would be reviewed and handled by the IRS on an individual basis, as the fact situations among relief associations may vary.

Investment Authority

A coalition of fire service organizations was formed to work toward resolving tax issues facing Minnesota relief associations. The coalition retained a law firm, which prepared “response packets” that a relief association may purchase to obtain or seek reinstatement of its tax-exempt status or to seek an abatement of IRS penalties. The coalition also asked the law firm to explore options for changing reporting requirements in the future. The long-term goal of the coalition is to reduce or eliminate IRS reporting for relief associations. At this time, however, relief associations must address their tax-exempt and tax reporting issues and questions individually with the IRS.

Governance for Fire Relief Associations

Fundraisers and Donations

## Pension Division Staff

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