

# Pension Division Newsletter

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## Joint-Powers Subgroup

The Joint-Powers Subgroup met on June 16 and June 24. The Subgroup members identified and discussed issues related to joint-powers fire departments and their affiliated relief associations. The members also started their work of identifying possible solutions to the identified issues.

The next meeting of the Subgroup is Monday, July 13, at 1:30 p.m. at our office in Saint Paul. Meetings are open to the public and those interested are encouraged to attend. Subgroup information is available at:

<http://www.auditor.state.mn.us/default.aspx?page=20150612.000>

## Reporting Reminder

The 2014 reporting-year forms for volunteer fire relief associations with assets or liabilities of at least \$500,000 are due to the Office of the State Auditor (OSA) by June 30, 2015. Relief associations with the June 30 reporting deadline are required to submit audited financial statements in addition to the reporting forms.

Reporting forms for relief associations with assets and liabilities less than the \$500,000 statutory threshold were due by March 31.

The 2014 reporting-year forms can be accessed through the State Auditor's Form Entry System (SAFES) at:

<https://www.auditor.state.mn.us/safes/>.

If you have questions regarding your relief association's reporting requirements, please contact the Pension Division at (651) 296-5985 or at [pension@osa.state.mn.us](mailto:pension@osa.state.mn.us).

Helpful hints for completing the reporting forms can be found at:

[http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf\\_infoandhelpfulhints.pdf](http://www.auditor.state.mn.us/forms/pen/ReportingForms/pensionrf_infoandhelpfulhints.pdf).



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## Combined Service Pensions

### What's Ahead:

#### June 30:

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

#### July 13:

Joint Powers Subgroup Meeting from 1:30 p.m. to 3:30 p.m. at the OSA

#### August 1:

The 2015 Schedule Form and 2015 Maximum Benefit Worksheet must be certified to the municipality or independent nonprofit firefighting corporation.

#### September 15:

First certification deadline for 2015 fire state aid. To be certified as eligible, all 2014 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Minnesota law permits defined-benefit relief associations to pay combined service pensions to members with service in more than one volunteer fire department. A combined service pension is a service pension that combines years of service among multiple volunteer fire departments to determine when a volunteer firefighter is vested.

To pay a combined service pension, the bylaws of each participating relief association must allow the combined service pension payments, or be amended to do so.

In addition, for vesting, a member must have at least ten years of total service, unless each participating relief association requires only five years of service for vesting, in which case the member must have at least five total years of service to be eligible for the combined service pension.

Assets are *not* transferred between or among relief associations when a combined service pension is payable. When a member who is eligible for a combined service pension retires, the member is paid a pension from each participating relief association in which the member has accrued at least one year of active service credit. The service pensions are calculated as they would be for other retiring members, except that years of service among all participating relief associations are combined for vesting purposes.

Because years of service are combined for vesting purposes, the service pension amount paid from each participating relief association is more than would otherwise be payable. This is why the bylaws of each participating relief association must specifically authorize combined service pension payments in order for them to be offered. In addition, because the vesting percentage is based on the combined service in all participating fire departments, the pension amount cannot be calculated or paid until the member permanently ceases all firefighting duties.

Transferring pension assets from one relief association to another is not authorized without special legislation.

For additional information, including examples, see the OSA's Statement of Position, at:

<http://www.auditor.state.mn.us/default.aspx?page=20111206.000>.

**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**

**Treasurer Bonds**

Minnesota law requires the treasurer of a volunteer fire relief association to be bonded for at least ten percent of the association's special fund assets. However, the amount of the bond need not exceed \$500,000.

Officers of relief associations affiliated with a city fire department where the city is bonded through the League of Minnesota Cities Insurance Trust (LMCIT) are automatically defined as covered employees on the city's bond. The relief association does not need to purchase a separate bond because the association treasurer and other officers are already bonded. The relief association should obtain a copy of the city's LMCIT bond to be sure that the amount of the bond is at least ten percent of the association assets.

Because the statutory requirement specifies that the bond must be in an amount equal to at least ten percent of the assets of the relief association, the bond should not be subject to a deductible. For relief associations covered by a LMCIT bond, the LMCIT will reimburse the association in full in the event of a covered loss, subject to the bond coverage limit. The city will reimburse the LMCIT for any deductible which applies to the loss. This arrangement is specified in the LMCIT bond coverage as an endorsement. Relief association treasurers who are bonded through an entity other than the LMCIT should review their fidelity bond and make changes as necessary to ensure that it is not subject to a deductible.

**New SBI Account Names**

The State Board of Investment (SBI) is changing the names of the Supplemental Investment Fund accounts to more descriptive titles of their investments. This is a name change only and does not affect the investment guidelines or operations of the funds. Effective July 1, 2015, the names of the accounts will be as follows:

Current Name	New Name (July 1, 2015)
Common Stock Index Account	U.S. Stock Index Fund
Growth Share Account	U.S. Stock Actively Managed Fund
Bond Market Account	Bond Fund
Income Share Account	Balanced Fund
Money Market Account	Money Market Fund
International Share Account	Broad International Stock Fund

**Statements of Position:**

[Governance for Fire Relief Associations](#)

[Interest Earnings for Deferred Members](#)

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

[Required Municipal Contributions to Fire Relief Associations](#)

## Forgot your SAFES Password?

If you've forgotten your username or password for logging into SAFES, the web application for accessing and submitting your relief association's reporting forms, click on the link below. After entering your SAFES username or e-mail address, a new temporary password will be generated and sent to you by e-mail. Usernames are generally "FirstName.LastName" or in the form of an e-mail address.

<https://www.auditor.state.mn.us/safes/PasswordRecovery.aspx>.

## SAFES Access for Accountants and Auditors

As a reminder, access to SAFES for many accountants, auditors, and other consultants who work with volunteer fire relief associations expired at the end of the 2014 calendar year. SAFES access for these individuals must be renewed annually. SAFES access allows an authorized individual to download, submit, and electronically sign relief association reporting forms.

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

<http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

Completed forms should 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.

## Pension Division Staff

If you have questions, please contact us:

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