

# Pension Division Newsletter

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## Reporting Reminder and Audit Threshold

Reporting forms for relief associations with assets or liabilities of at least \$500,000 are required to be submitted to the Office of the State Auditor (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, an audit is required beginning with the next reporting year's reports.

For example, if a relief association exceeds the threshold during 2017, an audit is first required with the 2018 reports that are submitted to the OSA during 2019. After a relief association exceeds the \$500,000 threshold, an audit continues to be required even if the relief association's assets and liabilities subsequently drop below the threshold.

Relief associations with assets and liabilities that are both less than \$500,000 have a March 31 reporting deadline and must submit an agreed-upon procedures report with the reporting forms.



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## Working Group Update

The 2017 Omnibus Retirement Bill includes the 2016 and the 2017 Working Group legislation. As of this Newsletter's drafting date, the Bill is still making its way through the House and Senate committees that must hear and vote on the proposals. Our June Pension Division Newsletter will provide an update on the status of the Bill.

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 their input.

The Working Group legislation can be found on the OSA website at: <http://www.osa.state.mn.us/default.aspx?page=reliefworkinggroup>.

## Resources for Auditors

### What's Ahead:

#### June 30:

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

#### August 1:

The 2017 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

#### September 15:

First certification deadline for 2017 fire state aid. To be certified as eligible, all 2016 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Resources are available on the OSA website for auditors working with volunteer fire relief associations. The 2016 Minnesota Legal Compliance Audit Guide for Relief Associations prescribes the minimum procedures and audit scope for legal compliance audits. To access the Guide, go to:  
<http://www.osa.state.mn.us/default.aspx?page=20161228.005>.

The OSA has developed minimum procedures and a reporting format for agreed-upon procedures engagements for relief associations. These can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20151209.000>.

Audit reports of public pension plans prepared by the OSA are posted on our website and can be used as a reference. The audit reports can be viewed at:

<http://www.auditor.state.mn.us/list.aspx?type=afs>.

## Submitting Agreed-Upon Procedures and Audit Reports

Agreed-upon procedures and audit reports for relief associations should be submitted to the OSA electronically through the State Auditor's Form Entry System (SAFES). Both types of reports must be saved as PDF documents and be uploaded by the relief association's accountant or auditor. A relief association must authorize its accountant or auditor to have SAFES access to the association's reporting information by completing and submitting a 2017 User Authorization Form, which can be accessed at:  
<http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

To submit a report, choose the "Submit Forms/Documents" tab within SAFES. Browse and select the document for submission. When submitting the agreed-upon procedures report, choose "Agreed-Upon Procedures Report" when specifying the document type. To submit an audit report through SAFES, choose "Pension Audit Report" when specifying the document type.

When submitting audit reports, please be sure that the management letter is included in the submission. When submitting PDF documents through SAFES, the financial statements, required supplementary information, and management letter should be saved and submitted as one PDF document.

## Survivor Benefits and Beneficiaries

**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](#)

Relief associations may authorize in their bylaws payment of survivor benefits to a surviving spouse, surviving children, or designated beneficiaries of deceased volunteer firefighters. If a relief association chooses to offer survivor benefits, the order of eligibility for the benefits is defined by state law.

The survivor benefit must be paid to the surviving spouse of the deceased firefighter. If there is no surviving spouse, the benefit must be paid to the surviving children. If there is no surviving spouse and there are no surviving children, the survivor benefit must be paid to the designated beneficiary and, if no beneficiary was designated, the benefit must be paid as a death benefit to the estate if the deceased firefighter was active or deferred.

Relief associations therefore cannot recognize a beneficiary designation if a firefighter has a surviving spouse or surviving children. There is one exception, however, for firefighters without surviving children. If a firefighter has no surviving children, the firefighter's surviving spouse may waive, wholly or partially, the spouse's entitlement to a survivor benefit. The waiver must be in writing. If the surviving spouse has waived entitlement, the survivor benefit may be paid to a designated beneficiary.

Finally, for members of a defined-contribution plan, or a defined-benefit lump-sum or monthly/lump-sum combination plan where the member has elected a lump-sum benefit, a trust created under Minnesota Statutes, Chapter 501B, may be a designated beneficiary.

Additional information about calculating survivor benefits, survivor supplemental benefits, and the order of eligibility for collecting a survivor benefit can be found in our Statement of Position on this topic, on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20120315.001>.

We have noted some confusion regarding the definition of the term "surviving spouse." The definition of the term "surviving spouse" was removed from Chapter 424A of Minnesota Statutes in 2010. To avoid creating a conflict with the way that term is currently used in probate proceedings, the term should not be defined in a relief association's bylaws.

A sample designation of beneficiary form is available on the OSA website at:

<http://www.auditor.state.mn.us/Other/pensionDocs/DesignationOfBeneficiaryForm1014.pdf>.

## Annual Business Renewal

### **Statements of Position:**

Every volunteer fire relief association must annually register 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.

### [Paying a Lump-Sum Service Pension](#)

A relief association can check its current registration status by going to the Secretary of State's website. Relief associations with a "renewal due date" displayed as 12/31/2017 must complete the registration before December 31, 2017, or face dissolution of the association's nonprofit corporation status. If the relief association has completed its registration for this calendar year, the renewal due date will be displayed as 12/31/2018.

### [Investment Authority](#)

The annual registration can be completed online at the Secretary of State's website at:

<https://mblsportal.sos.state.mn.us/Business/Search>.

### [Investment Policies](#)

### [Interest Earnings for Deferred Members](#)

## Pension Division Staff

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