



Pension Division Newsletter

November 2020

Inside this issue:

<i>Supplemental Benefit Reimbursements</i>	2
<i>State Aid and Forfeiture Deadline</i>	3
<i>Holding Board Meetings During Times of Emergency</i>	3
<i>Pension Division Staff</i>	3

State Auditor's Working Group

The Volunteer Fire Relief Association Working Group convened by the Office of the State Auditor (OSA) met on November 10 and November 17. The Working Group previously was asked to consider whether it had a position on whether individuals who are employed as full-time firefighters should be legally prohibited from serving as volunteer firefighters for the same fire department. Currently, the law does not prohibit this. The Working Group took the position of supporting current law.

In response to another, similar request, the Working Group considered whether to take a position on if relief associations should be required by law to invest through the Minnesota State Board of Investment. Current law gives relief associations this option but does not mandate it. The Working Group also agreed to support current law on this issue. The Working Group noted that in both cases, current law supports local control and recognizes the differing and unique needs of communities.

The Working Group was also asked to consider whether the supplemental state aid formula should be changed to calculate the aid based on the number of active firefighters, or some other basis. Supplemental state aid is currently allocated in proportion to the amount of fire state aid that each relief association receives. The calculation that determines fire state aid amounts, in turn, is primarily based on the population and market value of each fire department service area. The Working Group will continue its discussion on this topic during the next meeting, and review a comparison of current supplemental state aid amounts and how they would differ if based on the number of active firefighters.

Finally, the Working Group adopted language that clarifies filing and application fees that may be paid from a relief association's special fund and how the audit threshold is measured. The Working Group is also considering a change that would permit defined benefit relief associations to retain service credit only for a defined length of time if a nonvested member leaves firefighting service.

The next Working Group meeting is scheduled for December 15. Meeting agendas and information are available on the Working Group page of the [OSA website](#). Meetings are live-streamed on the OSA's [YouTube channel](#), and recordings are available on the channel following each meeting.

Office of the State Auditor
Pension Division
525 Park Street, Suite 500
Saint Paul, MN 55103
(651) 282-6110
Fax: (651) 282-5298
pension@osa.state.mn.us

What's Ahead:**November 30:**

Final deadline for submitting 2019 reporting-year forms to avoid forfeiture of fire state aid.

December 15:

Working Group meeting 11:00 a.m. to 12:30 p.m. via Zoom.

January 15:

Certified Listing of Individuals Who Filed a Statement of Economic Interest due to the Campaign Finance and Public Disclosure Board.

Supplemental Benefit Reimbursements

The form to seek reimbursement of any supplemental benefits paid during 2020 is now available on the Minnesota Department of Revenue (DOR)'s website. The online form requires that a relief association provide its Minnesota ID number. If you do not know the relief association's ID number, you can obtain it by calling Business Registration within the DOR at (651) 282-5225.

If the relief association seeks reimbursement of supplemental benefits paid during 2020, the reimbursement form must be submitted to the DOR by February 15, 2021, to receive reimbursement in March 2021. If the relief association misses this filing deadline, the association cannot submit the reimbursement request again until the filing period begins the following November.

The reimbursement form, instructions, and a sample form are available on the [DOR website](#).

Relief associations that pay service pensions as a one-time lump-sum payment (rather than monthly payments) must also pay a lump-sum supplemental benefit. The supplemental benefit is paid at the same time as the service pension distribution. No supplemental benefit is paid for monthly service pension recipients. The supplemental benefit is intended to help offset taxes which must be paid on the service pension or benefit distribution.

For service pensions and disability benefits, the amount of the supplemental benefit is equal to 10 percent of the lump-sum distribution, up to a maximum of \$1,000. For survivor benefits, the amount of the supplemental benefit is equal to 20 percent of the survivor benefit distribution, up to a maximum of \$2,000. A 2019 law change allows a supplemental survivor benefit to be paid to a designated beneficiary or to an estate if the deceased firefighter had no surviving spouse or surviving children. The new law applies to supplemental benefits paid in 2019 and, thereafter, for the death of an active or deferred firefighter that occurred on or after January 1, 2019.

Supplemental benefits should be calculated on the pre-tax pension or benefit amount *before* any deferred interest is credited. In addition, deferred interest should not accrue on the supplemental benefit. Supplemental benefits are payable to members who are fully vested, as well as those who are partially vested.

Additional information about supplemental benefits is provided in the OSA's [Statement of Position](#) on this topic.

Statements of Position:

[Fundraisers and Donations](#)

[Governance for Relief Associations](#)

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

[Combined Service Pensions](#)

State Aid and Forfeiture Deadline

The Office of the State Auditor is pleased to announce that 75 volunteer fire relief associations met all reporting requirements to be certified to the Department of Revenue as eligible for receipt of their 2020 fire state aid and supplemental state aid in the second round of aid payments. State aid will be disbursed on or about November 15 for those plans that met the reporting requirements.

In total, over 85 percent of relief associations have now been certified as eligible for their 2020 state aid. A listing from the DOR of the 2020 fire state aid and supplemental state aid amounts can be found on the [OSA website](#).

Minnesota law requires forfeiture of fire state aid for relief associations that do not submit all required reporting information to the OSA by November 30, 2020. If 2019 reporting forms are not received by November 30, 2020, a relief association’s 2020 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

Holding Board Meetings During Times of Emergency

In light of the COVID-19 pandemic and public health recommendations for social distancing, we want to remind relief association trustees that statute permits meetings by telephone or other electronic means in some emergency situations, including a health pandemic, if certain conditions are met. Meeting by telephone or other electronic means allows relief association’s to hold board meetings safely and still be in compliance with the Open Meeting Law.

The Data Practices Office of the Minnesota Department of Administration is the state office with oversight of the Open Meeting law. The Data Practices Office has issued helpful guidance and compiled resources to help entities understand open meeting requirements while the emergency is ongoing. The resources can be accessed on the [Data Practices website](#).

Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst
 (651) 282-5430
michael.johnson@osa.state.mn.us

Molly Resch, Pension Analyst
 (651) 297-2765
molly.resch@osa.state.mn.us

Maia Dabney-Miller, Pension Analyst
 (651) 284-3423
maia.dabney-miller@osa.state.mn.us

Robin Paulsen, Administrative Specialist
 (651) 296-6267
robin.paulsen@osa.state.mn.us

Rose Hennessy Allen, Pension Director
 (651) 296-5985
rose.hennessy-allen@osa.state.mn.us