



Maple Grove Firefighters Relief Association
P.O. Box 1174
Maple Grove, MN 55311

Maple Grove Firefighters Relief Association (MGFRA) **Request for Pension Benefits**

Before you proceed, please ensure that you have the following documents available from the website, then read and understand the following steps in the process:

- ***Application for Benefits and Request for Distribution*** form (Required)
- ***Special Tax Notice Regarding Plan Payments*** (Required)
- ***Current By-Laws*** (Optional)

The ***Special Tax Notice Regarding Plan Payments*** will help you consider your distribution options and tax implications. This information is provided to you pursuant to Internal Revenue Code 402(f). Please review it before completing the enclosed application form and consult a tax advisor with any questions.

First: Complete the ***Application for Benefits and Request for Distribution*** form and return it to the MGFRA Secretary no later than 15 days prior to the last Board meeting before the end of the quarter after which the planned distribution is requested.

ONLY THE MGFRA APPLICATION FORMS WILL BE USED TO REQUEST AND PROCESS YOUR DISTRIBUTION.

Second: The MGFRA Secretary will review the application for completeness and submit it to the Board of Trustees for approval at the meeting following receipt of your application. However, as long as the application is received by the Association Secretary before the Board meeting at the end of the quarter, the Board may approve the distribution at any time.

Third: Once approved, the vested portion of your benefits are valued and distributed per your instructions on the application, based on the quarter-end date. Because of the information required and the time involved in determining your vested balance, distributions can take between 25 – 35 days after the end of the quarter.

Fourth: Communicating with interested parties is important. Your financial advisor or planning professional should understand the unique attributes of the MGFRA Defined Contribution pension plan. Members are solely responsible for requesting the benefit distribution and managing the process through the MGFRA; do not contact the Maple Grove Fire Department or the City of Maple Grove. Please refer any interested parties to the MGFRA.org website for more information and answers to frequently asked questions.

Distribution FAQs:

When is the Application for Pension Benefits due?

Applications for benefits are due to the Secretary **at least 15 days prior to the end of the quarter of the planned distribution.** Vested benefit balances for distributions are only valued each quarter, as of the end of the quarter. Any request and valuation for pension

Why 15 days prior to the end of the quarter?

The MGFRA is a Defined Contribution Pension Plan. Assets are pooled and invested in one account, the Special Fund, as set forth by Minnesota State Statutes, and Member Account balances are calculated quarterly. As a result, **members do not have individual accounts.** When MGFRA receives a request for benefits to be distributed, the vested portion of those benefits must be valued and shares of the fund are sold to meet the distribution obligations. To ensure equitability to all members, vested balances will always be valued at a future point in time rather than in the past. The 15-day notification is a minimum requirement for processing approval and valuation of your account balance, and also ensures proper planning when liquidating shares.

What if I want a distribution at another date besides the quarter-end?

A valuation of the Special Fund can also be made as of any other date specified by the Board of Trustees. However, any valuation of the Special Fund for the purposes of calculating a retired member pension amount, other than the quarter-end date, shall be at the expense of the requesting member, unless so decided by the Board of Trustees.

What is the Special Tax Notification from the IRS and what do I do with it?

Pursuant to the Special Tax Notification Rules from the IRS, we are required to provide you with that document prior to your distribution. Please consult your financial or tax advisor with questions.

What if my financial advisor insists on using their transfer forms?

The MGFRA By Laws govern how the assets are received, invested, managed and distributed. It is important to communicate the type of plan – Defined Contribution Plan – and the process for distributions with your financial advisor. **The MGFRA cannot accept other applications from a financial institution, or use any other process for distribution without a change to our By Laws.** Refer your financial advisor to MGFRA.org for more information.

When are distributions made?

Distributions are made approximately 25-35 days after the end of each quarter. In some instances this process, in part or in whole, can be expedited depending on the time of year the request is made.

Why does the process take this long?

Our valuation process requires Plan administrative costs to be included with the Special Fund asset balance reported on the quarter-end statement from our Investment Advisor. These statements and Plan costs are generally received approximately 15 days after the quarter-end, and calculated between 5-10 days more, depending on time of year (i.e. year-end generally takes longer). Special Fund statements and Plan expenses are calculated and provided to our administrative office support and re-calculated across all members based on their vested status. This generally takes an additional 10-20 more days, again, depending on the time of year. Statements are provided to members at end of the year (in February) and mid-year, (in July) based on these quarterly valuations.

How much will I receive?

Vested balances are valued as of the end of each quarter. The Association will contact you with documentation of the vested amount to be distributed. An additional \$1000 special state supplemental benefit may also be distributed at the same time consistent with your distribution instructions.

I notice that some statements state my balance is “audited” or “unaudited”. How does this affect my distribution?

At the end of each year, members receive an unaudited statement. This usually does not include any accrued interest from bond or fixed investments that may not be paid until after the year-end. Members may receive an audited statement in July following the completion of the annual audit for the preceding year only if their vested balance changes because of accrued interest. If there is no change from the unaudited statement provided at year-end, the semi-annual, unaudited statement also sent to members in July will reflect that information. If there is a positive change to the year-end balance already distributed, a separate check will be issued after the audit is complete, consistent with the distribution instructions provided on the original Application. If there is a negative change to the year-end balance, no check will be issued and the Plan will subordinate the loss.

What happens to my vested pension balance during the 25-35 days if the market fluctuates?

Any vested amount valued is as-of the quarter-end and is in the process of being distributed, therefore that amount will not be affected by market gains or losses.

Example: You request that your vested benefit be distributed after the 4Q or at the end of the year and your application was received on or before December 15 of that year. Your distribution amount will be calculated based on December 31 of that year, allowing for 25-35 days completing the calculations including any applicable administrative expense, and determining the valuation amount. From January 1 until your distribution is received, the vested amount will not change due to market fluctuations.

How will my distribution be made?

Your vested benefits will be distributed per your instructions on the **Application** form. Please consult a tax advisor with any questions about which distribution method is right for you.

Active members retiring during the year of service.

If you are an Active member retiring during the year (not at the end of the year), you may have additional benefits due to you from City and State contribution for that year. The Association receives these amounts at the end of year based on active firefighters during the year. You may receive a second distribution in February of the following year based on your active service during the last year. Additional distributions will be made consistent with your original distribution instructions.

Form 1099

The Association will provide 1099 documentation in January of the year following each distribution. You will need this for your personal income tax filing.

Contact the Association Secretary or Treasurer for clarification of any procedure-related questions.