Pension Division Newsletter

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Certification Deadline and 2007 State Fire Aid
The Office of the State Auditor is pleased to announce that 580 volunteer fire relief associations and other pension plans met all reporting requirements to be certified as eligible for receipt of their state aid in the first round of aid disbursements. The first certification deadline for state aid was September 15, with aid payments being disbursed on or about October 1.

We were recently informed by the Department of Revenue that state fire aid this year decreased, on average, by about 13 percent from last year. The decrease is due in part to lesser taxes collected on insurance premiums and in part to prior year adjustments. The Department of Revenue conducted research and determined that insurance companies in the past have overstated the amount of insurance premiums that actually dealt with fire insurance. Representatives within the Department of Revenue met to determine how to best adjust for the past reporting errors. The decision was made to make adjustments to the 2007, 2008, and 2009 state fire aid amounts. For further information, you can call the Department of Revenue at (651) 556-6096. A listing of the fire aid amounts is posted on the Office of the State Auditor’s website at http://www.auditor.state.mn.us/forms/pen/pensionFireAid_07.pdf.

Survivor Supplemental Benefits
The Pension Division has received a number of inquiries recently regarding the survivor supplemental benefit law change that occurred this summer. The Pension Omnibus Bill that passed this year clarifies that survivors are only eligible to collect the 20 percent up to $2,000 supplemental benefit, and are NOT eligible for the regular 10 percent up to $1,000 supplemental benefit that is limited to service pension recipients.

This means that survivors are not eligible to receive a supplemental benefit unless the relief association elects to pay the survivor supplemental benefit amount. A relief association should add language to its bylaws that authorizes the survivor supplemental benefit payments if the association intends to pay a supplemental benefit to a survivor. The Pension Division has sample language that can be used as a reference for relief associations that are interested in making a bylaw change. To obtain sample bylaw language contact Rose Hennessy Allen at (651) 296-5985 or Rose.Hennessy-Allen@state.mn.us.

Please note that the only members affected by the law change are active or deferred members that pass away before receiving a service pension payment. If your relief association pays a survivor benefit upon the death of an active or deferred member, the surviving spouse or surviving minor child or minor children could receive the increased supplemental benefit.
**Reporting Reminder**

There are 89 volunteer fire relief associations that have yet to submit some or all of their 2006 reporting year forms to the Office of the State Auditor. If your relief association has not yet submitted all of its reporting forms, two important deadlines are soon approaching that have the potential to impact your association.

First, the next certification deadline for state fire aid is November 1. To be eligible for the next round of state fire aid payments, reporting forms must be submitted as soon as possible so that the information can be reviewed and any identified issues resolved before the deadline. The review process does take some time, so please submit forms by October 15 to ensure that they will be reviewed before the deadline. Relief associations that do not meet the eligibility requirements to be certified on November 1 will see a delay in receipt of their state fire aid until at least March of 2008.

Second, state law requires forfeiture of state fire aid for relief associations that do not submit their 2006 reporting information by November 30. Forfeiture has occurred for several relief associations over the past few years. If you have questions about reporting requirements or missing forms, please contact Gail Richie at (651) 282-6110 or Gail.Richie@state.mn.us.

**Service Credit Eligibility**

As we near the end of the year, fire departments and relief associations should review their procedures for determining service credit eligibility. Fire departments should have minimum service requirements established that must be met for a firefighter to receive service credit. Service requirements could include attending a certain number or percentage of trainings or meetings, or responding to a certain percentage of fire calls. At the end of each calendar year, the fire chief should determine the number of months during the year that each firefighter met the minimum service requirements. The fire chief should then provide a listing to the relief association that specifies how many months of the year each firefighter was in good standing.

The relief association treasurer or secretary should use this listing when determining each member’s accrued liability or account balance. Firefighters can only receive service credit for completed months and/or completed years of active service. In general, periods in which a member did not meet the minimum requirements would not count toward the member’s completed years of service. Relief associations should also remember that months of service can only be paid if the bylaws specifically authorize the payments. Unless the bylaws authorize pensions to be prorated monthly, members are only eligible to be paid for completed years of service.

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*If you have questions please contact us:*

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