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# Pension Division Newsletter

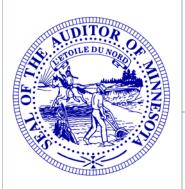
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# **Corporate Registration Reminder**

Each year a volunteer fire relief association must register as a nonprofit corporation with the Minnesota Secretary of State. If a relief association fails to register or 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.

Many relief associations find it helpful to complete the registration at the same time that the association completes its annual forms with our office.

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

https://online.sos.state.mn.us/abr/corp\_annual\_filing.asp.

# **Submitting Audit Reports**

Last fall, an enhancement was made to the State Auditor's Form Entry System (SAFES) to allow volunteer fire relief associations to submit audit reports electronically. To submit an audit report electronically through SAFES, the report must be saved as a PDF document and uploaded by the relief association's accountant or auditor.

Recently, we have seen a few instances where documents other than audit reports were submitted for relief associations through SAFES as PDF documents. At this time, the only PDF documents that relief associations should submit through SAFES are audit reports. Annual reporting forms must be submitted as Excel files, if being submitted through SAFES. Other documents, such as bylaws, meeting minutes, and investment policies, must be submitted to the Office of the State Auditor by e-mail, fax, or U.S. mail.

#### What's Ahead:

June 30: Reporting deadline for relief associations with assets or liabilities exceeding \$200,000.

August 1: Schedule
Form for lump-sum
relief associations must
be certified to the
affiliated municipality.
Maximum Benefit
Worksheets must be
certified for lump-sum,
monthly, and
monthly/lump-sum
relief associations.

**September 15**: First certification deadline for 2012 state fire aid.

### **Treasurer Bonds**

State law requires the treasurer of a volunteer fire relief association to be bonded for at least ten percent of the association 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. In these cases, 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.

# **Fiduciary Education for Trustees**

Each trustee of a volunteer fire relief association fills the role and carries the responsibilities of a fiduciary to the association. A fiduciary must make a reasonable effort to obtain the knowledge and skills sufficient to perform adequately fiduciary duties. A relief association's board of trustees is required to develop and to periodically revise a program for the continuing education of any of its board members who are not reasonably considered to be experts with respect to their activities as fiduciaries. The program must be designed to provide trustees with the knowledge and skills needed to enable them to perform their fiduciary activities.

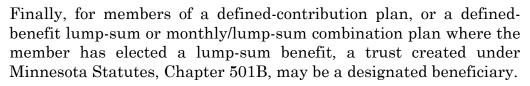
Fiduciary activities are defined in Minn. Stat. § 356A.02.

### **Survivor Benefits and Beneficiaries**

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.

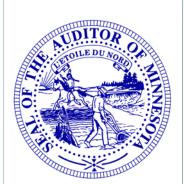
The survivor benefit must be paid to the surviving spouse of the deceased firefighter. If there is no surviving spouse, the benefit must be paid to the surviving children. If there is no surviving spouse and there are no surviving children, the survivor benefit must be paid to the designated beneficiary 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 designed beneficiary.



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

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



### **Pension Division Staff**

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