



Pension Division Newsletter

March 2023

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Legislative Update

The Fire Relief Association Working Group approved a slate of legislation this year that would have made some important clarifications and updates to the statutes governing relief associations. When the Legislative Commission on Pensions and Retirement (LCPR) met on March 16 to hear firefighter legislation, LCPR staff decided only to present one of the Working Group proposals. We have not been made aware of any particular issues or concerns with the omitted provisions.

The proposal heard by the LCPR at its March 16 meeting would increase the threshold at which an annual audit is required, from the current \$500,000 in special fund assets or liabilities to \$750,000. The change, if passed into law, would become effective on December 31, 2023, and apply to audits for calendar year 2023 and thereafter.

A relief association with assets or liabilities that exceed the current \$500,000 threshold but are both below the proposed \$750,000 threshold would no longer be required to have an annual audit. A relief association in this scenario could instead have an agreed-upon procedures engagement performed by its CPA and would have a March 31 reporting deadline with our office.

Other legislation the LCPR is putting forward that relates to firefighters includes a fiscal bill with a one-time appropriation of \$5 million in supplemental state aid to the approximately 300 fire departments that receive the smallest state aid amounts. We'll continue to keep you updated through our [Pension Division Newsletter](#) and the Office of the State Auditor (OSA)'s [Weekly Update](#) on the status of these legislative initiatives. Please contact us with any questions.

Supplemental Benefit Reimbursements

A list of the 2023 supplemental benefit reimbursement amounts, released by the Department of Revenue (DOR), is now available on the OSA [website](#).

The supplemental benefit reimbursements were disbursed on or about March 15, 2023, for relief associations that submitted reimbursement application forms to the DOR by February 15, 2023.

If a relief association paid supplemental benefits but did not submit a reimbursement form by the February 15 deadline, the form to file for reimbursement in March 2024 will be available on the DOR website in mid-November.

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What’s Ahead:

March 31:

Reporting forms for relief associations with assets and liabilities of less than \$500,000 are due to the OSA.

March 31:

Investment Business Recipient Disclosure Form

is due to the Legislative Commission on Pensions and Retirement.

June 30:

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

Annual Business Renewal

Every fire relief association must register annually 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.

A relief association can learn of its status by going to the [Secretary of State’s website](#). Relief associations with a renewal due date displayed as “12/31/2023,” must complete the registration before December 31, 2023, or face possible dissolution of the association’s nonprofit corporation status. If a relief association has completed its registration for this calendar year, the renewal due date displayed on the Secretary of State’s website will read “12/31/2024.”

Reporting Reminder

Relief associations with special fund assets of less than \$500,000 and special fund liabilities of less than \$500,000, and that were not required to submit an audit during the prior year, must submit 2022 reporting forms and an agreed-upon procedures report by March 31, 2023.

Reporting forms are accessed through the [State Auditor’s Form Entry System \(SAFES\)](#). The Agreed-Upon Procedures Guide and a Sample Independent Accountant’s Report are available on the [OSA website](#).

An informational document is available on the [OSA website](#) that provides detailed instructions for accessing, submitting and electronically signing the reporting forms. Also on our website is the [Key Reporting Requirements](#) calendar, which identifies required relief association reporting forms and their due dates.

Finally, if your relief association has not already done so, please complete the [2023 User Authorization Form](#) to provide the relief association’s auditor with access to this year’s reporting forms.

Required Minimum Distributions

Federal rules prohibit funds from being kept in a retirement account indefinitely. Generally, individuals are required to start taking minimum withdrawals from their retirement account when they reach age 72 (73 if you reach 72 after December 31, 2022). The beginning date for the first required minimum distribution depends on the pension plan type.

Relief associations with deferred members who are nearing age 73 or members who have exceeded this age should work with a tax professional to determine if or when any minimum distributions are required.

Trustee Salaries

Statements of Position:

Relief associations have authority to pay salaries from the special fund to relief association officers, and to the other board trustees if the salary amounts are approved by the governing body of the governmental entity responsible for paying required contributions.

Special and General Funds, and Charitable Gambling Funds

Municipal approval of the salary amounts is required only for salaries paid to trustees other than the relief association officers. In addition, itemized expenses of the relief association officers and board trustees incurred as a result of fulfilling their duties may be paid from the special fund.

Firefighter Service Credit Determinations

For example, a relief association’s bylaws define four officers, who are the president, vice president, secretary, and treasurer of the relief association. These four trustees may be paid salaries from the special fund if the relief association’s bylaws authorize the payments. If the relief association elects to pay any of the other five trustees on its board salaries from the special fund, the affiliated city council or town board would be required to approve the salary amounts before they could be paid.

Relief Association Governance

Article III, Section 7 of the OSA’s Bylaw Guides provides language that may be used as a reference by relief associations that elect to authorize special fund salary payments to board trustees.

Fundraisers and Donations

Pension Division Staff

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