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Service Credit Determinations

By Rebecca Otto, State Auditor

Volunteer fire relief associations and their affiliated volunteer fire departments are separate entities. Fire departments and relief associations each have a need to determine whether their members are in good standing and have met minimum service requirements. Fire departments can be flexible in defining active service requirements and in identifying the period over which these requirements are to be measured.

Relief associations, in contrast, must operate within a structure defined by state law and by their own bylaws when awarding service credit for pension purposes. Therefore, it is important for relief associations and their affiliated fire departments to work together to implement a process for determining service credit that works for both entities and that provides a clear set of service requirements to their volunteer firefighters.

Fire Departments

Minnesota law allows fire departments to define active service standards locally. Most fire departments, for example, require attendance to a minimum percentage of emergency calls, department meetings, trainings, and drills for firefighters to be in good standing. Many fire departments determine whether firefighters are in good standing on a quarterly basis. Quarterly determinations allow for flexibility to accommodate vacation or sick leave policies, and to smooth fluctuations in call volume that may occur from month-to-month. While quarterly determinations may provide benefits to the fire department, they may create problems for the affiliated relief association.

Relief Associations

Minnesota law permits relief associations to award service credit for pension purposes based on each completed year of active service that a member has served with the affiliated fire department or, if the association's bylaws authorize it, to prorate service credit on a monthly basis. Relief associations do not, however, have authority to award service credit on a quarterly basis.

If a relief association's bylaws authorize the monthly proration of service credit, the bylaws may define what constitutes a "month." The definition must require a calendar month to have at least 16 days of active service. If the bylaws allow service credit to be prorated on a monthly basis but do not define a "month," a "month" must be a completed month of active service measured from the member's date of entry to the same date in the subsequent calendar month.

Working Together

Fire departments should determine whether each firefighter is in good standing and has met the minimum service requirements that the department has established. Fire departments should provide the affiliated relief associations with reports listing the service credit determinations for the respective reporting period. Relief associations award service credit for pension purposes based, in large part, on these fire department service reports. Relief associations are allowed to establish additional requirements that firefighters must meet to receive pension service credit, but any additional requirements should be workable with the requirements established by the fire department.

With cooperation, it is possible for a fire department to perform quarterly service credit determinations, for example, while still providing the relief association with sufficient information to allow the association to determine service credits on a monthly basis. In this example, a relief association awards service credit on a monthly basis, based on a determination made every three months by the fire department.

The standard for determining a "month" should also be considered. For example, if a relief association has defined a "month" in its bylaws, the system to determine service credit should integrate the definition. Service credit should not be granted for a month in which a firefighter was not active (as determined by the fire department) for at least the minimum number of days in the month as defined in the relief association's bylaws.

Additional Helpful Information

The Office of the State Auditor has Sample Bylaw Guides for volunteer fire relief associations which may be helpful. To view the Guides, go to www.auditor.state.mn.us: once there, select the menu item "For Local Officials" and click on "Pension Documents". You will find the Guides under the "Sample Bylaw Guides" heading.

The Guides include sample bylaw language that defines active service, authorizes the monthly proration of service credit, and defines a "month." These definitions are in Article II, Sections 5 and 6.