



# Pension Division Newsletter

July 2023

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## Schedule Form Reminders

The 2023 Schedule Form for relief associations with a defined-benefit lump-sum plan must be certified by the relief association **on or before August 1, 2023**. The certification must be made to the entity responsible for satisfying the minimum required contribution to the relief association's special fund.

The 2023 Schedule Form is designed to help determine the relief association's projected assets and liabilities for 2023 and the minimum required contribution for 2024. The Schedule Form is available for download from the [State Auditor's Form Entry System \(SAFES\)](#).

Note that the 2023 Schedule Form contains a new Benefit Level Projections Tool that a relief association may use as a resource to estimate the impact that benefit level changes or investment rate of return changes could have on the relief association's funded status and financial requirements. This new tab is optional and provided solely as a resource, and is not required to be completed before submitting the form.

Following [2022 law changes](#) that eliminated the requirement that each relief association with a defined benefit plan annually calculate its own maximum allowable benefit level, relief associations and municipalities have greater flexibility in setting benefit amounts. It is, and will continue to be, important for relief associations and municipal trustees to obtain information they need to make an informed decision when considering a benefit level change. The new Benefit Level Projections Tool is intended to be one such source of information, but should not be relied upon in lieu of individualized services provided by a relief association's auditor, actuary, or financial advisor.

In addition, you may notice that calculated accrued liability amounts could be different for active members with similar lengths of service but different ages. A [new method](#) for calculating the liabilities was implemented beginning with the 2021 Schedule Form that is based on the current age and length of service of each member, and the requirement for full-vesting defined in the relief association's bylaws. Liabilities for members who are younger than 50 are discounted, using an assumption that the relief association will earn three percent on its investments each year.

If the 2023 Schedule Form shows that a contribution is required, and if the relief association's benefit level was ratified, the affiliated municipality or independent nonprofit firefighting corporation is required to pay the contribution amount in full to the relief association during the 2024 calendar year.

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**What's Ahead:**

**July 26:**

Working Group meeting  
2:00 p.m. to 3:30 p.m.

**August 1:**

The 2023 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

**August 16:**

Working Group meeting  
2:00 p.m. to 3:30 p.m.

**September 15:**

First certification deadline for 2023 fire state aid. To be certified as eligible, all 2022 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

## State Auditor's Working Group

Meetings of the Fire Relief Association Working Group have been scheduled for **July 26, August 16, September 20, and October 4**. All meetings will be held from 2:00 pm to 3:30 pm, and will be held in a hybrid format with options to attend in-person at our office in Saint Paul or remotely via Teams.

Agendas and materials, links to watch meeting livestreams, and recordings of meetings are posted on the Office of the State Auditor ([OSA website](#)).

If you have questions about the Working Group or topics you would like the group to consider, please contact Rose Hennessy Allen at (651) 296-5985 or [rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us).

## Protecting Private Member Data

As relief association trustees have begun conducting more business using electronic means, trustees should be sure that private member data is being protected in accordance with Minnesota's Data Practices Act.

Some reporting forms that a relief association completes contain private member information. For example, the annual Schedule Form contains member birth dates, years of service, leaves of absence, and vesting information. A relief association, therefore, should not share or post a copy of the Schedule Form or other reporting forms containing private member data without first redacting (removing or covering up) all private data, unless sharing the information with an individual authorized to access the data.

The [Data Practices Office](#) within the Minnesota Department of Administration provides information about data practices and classifications on its website.

## Benefit Change Effective Date

The OSA occasionally receives questions about the effective date of a relief association benefit level change. Benefit level changes go into effect on the date the change is ratified, or go into effect on a future date if the future date is specified in the bylaws or resolution approving the new benefit level. Benefit level amounts cannot be modified retroactively.

Some relief associations prefer that benefit level changes go into effect at the start of a calendar year, so they specify in their bylaws that the new benefit level goes into effect on the upcoming January 1. Unless the bylaws or resolution ratifying the benefit change specify a future effective date, the benefit level change will generally go into effect immediately upon ratification by the affiliated municipality or independent nonprofit firefighting corporation.

## Municipal Ratification of Benefit Levels and Interest Rates

### Statements of Position:

Many relief associations review their finances in the summer, after completing their annual Schedule Form, and determine whether to seek a change to their benefit levels.

### Considerations When Making Benefit Changes

As a reminder, a relief association initiates a change in benefit levels by amending its bylaws. A city council or town board can choose to approve or not approve a relief association’s proposed benefit change. Once the bylaws are ratified by the governing body, however, the benefit levels are guaranteed by the municipality.

### Required Municipal Contributions

In approving benefit levels, the city council or town board assumes responsibility for ensuring the relief association special fund has sufficient assets to cover approved benefit levels.

### Municipal Contribution Calculations for Monthly Plans

The OSA knows of no authority for a city council or town board to ratify a relief association benefit level while simultaneously limiting any future contributions to the relief association to amounts less than those required by Minnesota law. Minnesota law is clear that a municipality is required to make any contributions that become due to the relief association at the approved benefit level.

For more information regarding the process for changing relief association benefit levels, please see the OSA’s [Statement of Position](#) on this topic.

### Interest Earnings for Deferred Members

Interest rates set by a relief association’s board of trustees become payable beginning on January 1 following the date on which the rate was ratified by the municipality or independent nonprofit firefighting corporation. For example, a relief association’s board of trustees sets an interest rate of three percent on December 15, 2023. The affiliated city council ratifies the interest rate at its council meeting on January 20, **2024**. The interest rate will become effective on January 1, **2025**. Relief associations that credit interest to deferred members should keep this timing in mind when setting interest rates and seeking municipal ratification of the rates.

## Pension Division Staff

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