

# Pension Division Newsletter

**Inside this issue:**

State Auditor's Working Group	2
State Aid and Forfeiture Deadline	2
Treasurer Bonds	3
Pension Division Staff	3

## Supplemental Benefit Reimbursements

The form to seek reimbursement for any supplemental benefits paid during 2019 is now available on the Minnesota Department of Revenue (DOR)'s website. The online form requires that a relief association provide its Minnesota ID number. If you do not know the relief association's ID number, you can obtain it by calling Business Registration within the DOR at (651) 282-5225.

If the relief association seeks reimbursement of supplemental benefits paid during 2019, the reimbursement form must be submitted to the DOR by February 15, 2020, to receive reimbursement in March 2020. If the relief association misses this filing deadline, the association cannot submit the reimbursement request again until the filing period begins the following November. The reimbursement form, instructions, and a sample form are available on the [DOR website](#).

Relief associations that pay a lump-sum service pension must also pay a lump-sum supplemental benefit. No supplemental benefit is paid for monthly service pension recipients. The supplemental benefit is intended to help offset taxes which must be paid on the service pension or benefit distribution.

For service pensions and disability benefits, the amount of the supplemental benefit is equal to 10 percent of the lump-sum distribution, up to a maximum of \$1,000. For survivor benefits, the amount of the supplemental benefit is equal to 20 percent of the survivor benefit distribution, up to a maximum of \$2,000. A 2019 law change allows a supplemental survivor benefit to be paid to a designated beneficiary or to an estate if the deceased firefighter had no surviving spouse or surviving children. The new law applies to supplemental benefits paid in 2019 and thereafter, for the death of an active or deferred firefighter that occurred on or after January 1, 2019.

Supplemental benefits should be calculated on the pre-tax pension or benefit amount *before* any deferred interest is credited. In addition, deferred interest should not accrue on the supplemental benefit. Supplemental benefits are payable to members who are fully vested as well as those who are partially vested.



Office of the State Auditor  
 Pension Division  
 525 Park Street, Suite 500  
 Saint Paul, MN 55103  
 (651) 282-6110  
 Fax: (651) 282-5298  
[pension@osa.state.mn.us](mailto:pension@osa.state.mn.us)

**What’s Ahead:**

**November 26:**

Working Group meeting from 11:00 a.m. to 1:00 p.m. at the Retirement Systems Building.

**November 30:**

Final deadline for submitting 2018 reporting-year forms to avoid forfeiture of fire state aid.

**December 17:**

Working Group meeting from 11:00 a.m. to 1:00 p.m. at the Retirement Systems Building.

**January 15:**

Certified Listing of Individuals Who Filed a Statement of Economic Interest due to the Campaign Finance and Public Disclosure Board.

## State Auditor’s Working Group

The Office of the State Auditor (OSA)’s Volunteer Fire Relief Association Working Group met on November 8. The Working Group members approved draft language that clarifies a firefighter’s eligibility for supplemental benefits if the firefighter receives multiple service pension or benefit distributions. The Working Group members continued discussing interest (or augmentation) for deferred relief association members, and received an update on legislation that would allow cities with combination fire departments to retain a portion of the fire state aid distribution to pay employer contributions to the Public Employees Retirement Association on behalf of their full-time firefighters.

The next meeting of the Working Group will be held on Tuesday, November 26, from 11:00 a.m. to 1:00 p.m. in the first floor board room at the Retirement Systems Building in Saint Paul, at 60 Empire Drive, Saint Paul, MN 55103.

Topics on the November 26 agenda include reviewing definitions of “volunteer firefighter” and “combination fire department,” discussing vesting requirements, and continuing the discussion on interest for deferred relief association members.

Meetings are open to the public. Agendas and materials are available on the [OSA website](#).

## State Aid and Forfeiture Deadline

The OSA is pleased to announce that 94 relief associations met all reporting requirements to be certified as eligible for receipt of their 2019 fire state aid and supplemental state aid from the DOR in the second round of aid payments. The DOR disbursed state aid on or about November 15 for those plans that met the reporting requirements. In total, over 89 percent of relief associations have now been certified as eligible for 2019 state aid.

A listing from the DOR of the 2019 fire state aid and supplemental state aid amounts can be found on the [OSA website](#).

Minnesota law requires forfeiture of fire state aid for relief associations that do not submit all required reporting information to the OSA by November 30. If 2018 reporting forms are not fully received by November 30, 2019, a relief association’s 2019 state aid will be forfeited. The OSA does not have authority to grant filing extensions past the November 30 deadline.

## Treasurer Bonds

### Statements of Position:

Minnesota law requires the treasurer of a volunteer fire relief association to be bonded for at least ten percent of the relief association’s special fund assets. However, the amount of the bond need not exceed \$500,000.

### Combined Service Pensions

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. The relief association does not need to purchase a separate bond because the relief association treasurer and other officers are already bonded. The relief association should obtain a copy of the city’s LMCIT bond to determine whether the amount of the bond is at least ten percent of the association assets (with the required amount capped at \$500,000), and work with the city to increase the amount of the bond, if necessary.

### Allocations and Deductions for Defined Contribution Plans

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 that applies to the loss. This arrangement is specified in the LMCIT bond coverage.

### Joint Powers Fire Departments and Fire Districts

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.

### Relief Association Governance

## Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst

(651) 282-5430

[michael.johnson@osa.state.mn.us](mailto:michael.johnson@osa.state.mn.us)

Robin Paulsen, Administrative Specialist

(651) 296-6267

[robin.paulsen@osa.state.mn.us](mailto:robin.paulsen@osa.state.mn.us)

Molly Resch, Pension Analyst

(651) 297-2765

[molly.resch@osa.state.mn.us](mailto:molly.resch@osa.state.mn.us)

Rose Hennessy Allen, Pension Director

(651) 296-5985

[rose.hennessy-allen@osa.state.mn.us](mailto:rose.hennessy-allen@osa.state.mn.us)