



Pension Division Newsletter

April 2020

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Information for Relief Associations Investing with the SBI

We want to share information from the State Board of Investment (SBI) for relief associations that invest with the SBI through the Supplemental Investment Fund.

During the State's COVID-19 "Stay-at-Home" period, currently scheduled to run through May 4th, there may be delays in the processing of checks or forms received by the SBI via mail as SBI staff will be working remotely. Mail and faxes received by 11:00 a.m. on Wednesdays will be collected and processed that day.

For expedited processing, transaction forms for contributions via wire or for withdrawals (with current wire instructions on file) can be emailed to the SBI at: acctg.sbi@state.mn.us. You can also contact SBI staff with any questions at that same email address.

Click [here](#) to access the OSA's updated Sample Bylaw Guides!

Annual Business Renewal

Every volunteer 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 12/31/2020 must complete the registration before December 31, 2020, 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 12/31/2021.

The annual registration can be completed online at the [Secretary of State's website](#).

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What’s Ahead:

June 30:

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

August 1:

The 2020 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15:

First certification deadline for 2020 fire state aid. To be certified as eligible, all 2019 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved.

Municipal Contributions and the Schedule Form

The Office of the State Auditor (OSA) regularly receives questions about municipal contributions and when they must be paid to a relief association. For defined-benefit lump-sum plans, municipal contribution requirements are calculated each year using the Schedule Form. Relief associations are to complete the Schedule Form during the month of July, and must certify the Form to the affiliated municipality by August 1. If the relief association is affiliated with an independent nonprofit firefighting corporation rather than a city or town fire department, the Form should be certified to the independent board.

For defined-benefit monthly and monthly/lump-sum plans, municipal contribution requirements are based on the most recent actuarial valuation. These relief associations must determine the minimum obligation of the municipality for the following calendar year and must certify the financial requirements and the minimum obligation of the municipality to the municipal governing body by August 1 of each year. The OSA does not require that a specific form be used to make the certification. Relief association trustees usually work with their actuary to prepare the certification.

Because the Schedule Form is completed in July, and is required to be certified by August 1, revenue and expenditure amounts for the year must be projections made based on the available mid-year information. In July, relief associations should determine their investment returns to date, as well as revenues received and expenses paid. Based on this actual experience, the relief association should project investment, revenue, and expense amounts that seem reasonable for the remaining portion of the year. Many relief associations work with their investment advisors, brokers, and auditors when making these projections.

The Schedule Form is intended to provide estimates of a relief association’s assets and liabilities, and to calculate contribution requirements based on those estimates. Revenue and expenditure amounts that are projected on the Schedule Form will differ from the final year-end amounts. The Schedule Form is completed annually, so any deviations between projected amounts and the actual year-end amounts will be reflected on the next year’s Form. Relief associations should not make changes to the projections after the Schedule Form has been certified.

Statements of Position:

[Required Municipal Contributions](#)

[Municipal Contributions for Monthly Plans](#)

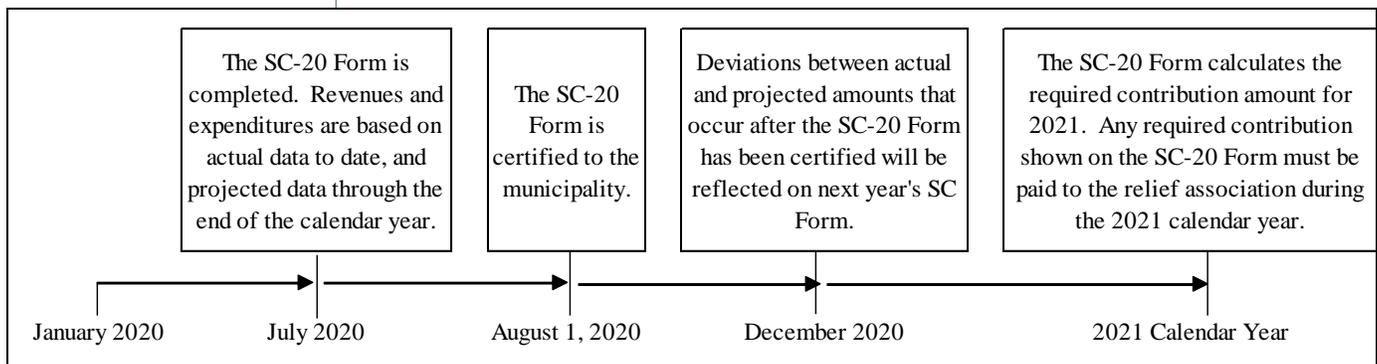
Municipal Contributions and the Schedule Form — continued

Generally, relief associations are required to obtain ratification from the affiliated municipality or independent nonprofit firefighting corporation of a benefit level change before the change becomes effective. There is authority, if certain conditions are met, for a relief association to increase its benefit level without obtaining ratification.

There is a risk if a relief association decides to increase benefits on its own. If the benefit level is increased without ratification and a municipal contribution subsequently becomes required, the benefit level is no longer effective without ratification and any future benefits can only be paid using the ratified benefit level (i.e., the relief association must lower its benefit level to the last ratified level.)

There currently are a handful of relief associations operating at unratified benefit levels. If your relief association is in this position and has questions about the possibility of needing to lower its benefit level, please contact Pension Division staff for assistance.

The chart below shows when the 2020 Schedule Form (SC-20) is to be completed and certified, and when any required contributions must be paid.



Pension Division Staff

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