

Pension Division Newsletter

Inside this issue:

Keeping SAFES Login Information Secure	2
2019 User Authorization Form	2
Non-OSA Work Group Updates	3
Deposit of Municipal Funds	4
Pension Division Staff	4

State Auditor’s Working Group

The Office of the State Auditor (OSA)’s Volunteer Fire Relief Association Working Group met on September 25, October 4, and October 16.

The Working Group members discussed the benefit level that should be used to calculate disability and survivor benefits for members who become disabled or die while in deferred status. The members agreed that the benefit level in effect when the firefighter separated from service should be used to calculate the ancillary benefit, unless the relief association’s bylaws specify that a different benefit level amount be used to calculate the disability or survivor benefit.

The Working Group members also discussed benefit levels for firefighters who have a break in service or leave of absence at the end of their firefighting career. The members agreed that the benefit level when the firefighter last was active should be used to calculate the service pension.

Another topic being discussed by the Working Group is whether firefighters who resume active service after being paid a relief association service pension should have a lower vesting requirement to be eligible for a second pension based on their resumption period of service. The intent of this proposal is to retain experienced firefighters in the fire service. The proposal is still under consideration.

The Working Group will also discuss whether the current 20-year requirement for full vesting in defined benefit plans is still appropriate. Defined contribution plans are permitted to offer full vesting after 10 completed years of service.

The next Working Group meeting will be on November 29, from 11:00 a.m. to 1:00 p.m. at our 525 Park Street office in Saint Paul. Meetings are open to the public. Agendas and materials are available on the Working Group page of the [OSA website](#).



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

What's Ahead:

November 1:

Second certification deadline for 2018 fire state aid.

November 15:

Fire state aid is paid for those relief associations certified as eligible on the second certification deadline.

November 29:

Working Group meeting from 11:00 a.m. to 1:00 p.m. at the OSA.

November 30:

Final deadline for submitting 2017 reporting-year forms to avoid forfeiture of fire state aid.

Keeping SAFES Login Information Secure

October is National Cyber Security Month, and we wanted to take this opportunity to share a reminder about the importance of keeping your SAFES login information secure.

SAFES is the State Auditor's Form Entry System, which is the secure web application used to access, submit, and electronically sign reporting forms. Because relief association reporting forms posted in SAFES contain member data classified as nonpublic under the Minnesota Government Data Practices Act, relief associations must take steps to protect this data. Here are steps all relief association trustees should take:

- Store your SAFES login information in a secure location. Never share it.
- When new officers are elected, the relief association should contact Pension Division staff to obtain a new SAFES account for the new officer.
- Make sure that the e-mail account used to receive the SAFES password and other account confirmations is only accessible by the individual associated with the account. Do not use shared relief association e-mail accounts.

In addition to these steps, relief associations should consider using a password manager, which is a secure tool for storing, organizing, and protecting passwords. There are many low and no-cost password managers available for download. One free option is KeePass ([KeePass website](#)). Be sure to conduct your own due diligence to choose a password manager best suited for your relief association's needs.

2019 SAFES User Authorization Form

Access to SAFES for accountants, auditors, and other consultants who work with relief associations will expire at the end of the calendar year. SAFES access allows an authorized individual to download, submit, and electronically sign relief association reporting forms.

Relief associations will need to renew SAFES access for their accountants, auditors, and consultants by completing the 2019 User Authorization Form that is now available for download on the [OSA website](#).

Non-OSA Work Group Updates

Sample Bylaw Guides:

LUMP-SUM

City Fire Department

Town Fire Department

Joint-Powers Fire Department

Independent Corporation

DEFINED-CONTRIBUTION

City Fire Department

Town Fire Department

Joint-Powers Fire Department

Independent Corporation

The 2018 Omnibus Retirement Bill that was signed into law in May required two new temporary work groups to be created. Updates regarding both new work groups are provided below.

The work group convened by staff of the Legislative Commission on Pensions and Retirement (LCPR) met on October 4 and October 29. The work group is reviewing the statutes governing conversions from a defined benefit relief association to a defined contribution relief association and the statutes governing relief association dissolutions and how surplus assets are distributed. The work group intends to recommend legislative changes that would define a process for relief associations to convert plan types and change how surplus assets are distributed upon a dissolution. Currently, surplus assets for most relief associations are paid to the affiliated municipality.

Copies of the work group meeting agendas and materials are posted on the [LCPR website](#) under the “Work Group on Relief Association Conversions and Dissolutions” heading.

The fire state aid work group convened by the Public Employees Retirement Association (PERA) met on October 2. The work group has reached consensus that legislation should be sought to allow municipalities with “combination” fire departments to retain a portion of the fire state aid that now is required to be transferred in full to the relief association. In order for the municipality to have authority to retain a portion of the fire state aid, the consensus of the work group is that both the municipality and the relief association must agree, and that the allocation method would be defined by the municipality and the relief association in a local agreement that both entities approve. The fire state aid retained by the municipality must be used to pay employer contributions to PERA on behalf of the municipality’s career (full-time) firefighters.

The next step is for the work group to draft a report to the LCPR with the group’s recommendations and draft legislation. The intent is for the report and legislation to be drafted for review by the work group in December, and then be forwarded on to the LCPR for consideration during the 2019 legislative session.

Notices regarding this work group are posted on the [LCPR website](#) under the “Fire State Aid Work Group” heading.

Statements of Position:

[Combined Service Pensions](#)

[Required Municipal Contributions](#)

[Joint Powers Fire Departments and Fire Districts](#)

[Interest Earnings for Deferred Members](#)

Deposit of Municipal Funds

Below are two compliance issues the OSA has seen related to municipal funds being deposited into the affiliated relief association’s general fund, and suggestions on how to avoid them.

Reimbursements for Fire Department Expenses

Minnesota law is clear that all money a relief association receives from a city or town must be deposited into the relief association’s special fund. A relief association cannot deposit money from a city or town into the relief association’s general fund, even if the money was intended to reimburse the general fund for municipal fire department expenses paid by the relief association.

For example, some relief associations use their general fund to purchase equipment for the fire department or pay for firefighter training. If a relief association chooses to use its general fund to cover expenses that would otherwise be the city’s or town’s obligation, it must absorb those expenses as the city or town cannot reimburse the relief association’s general fund. Alternatively, the city or town can pay the expenses directly, or the firefighters themselves could pay the expenses and be reimbursed by the city or town.

Deposit of Funds Intended for the Fire Department

All funds intended for use by a municipal fire department must be controlled by the city or town. Donations made to a municipal fire department are city or town funds, which can only be expended as permitted by law. To accept such a donation, a city council or town board must pass a resolution by a two-thirds majority. Funds intended for the fire department cannot be deposited into a relief association’s general fund.

Pension Division Staff

If you have questions, please contact us:

Michael Johnson, Pension Analyst

(651) 282-5430

michael.johnson@osa.state.mn.us

Karen Morales, Pension Analyst

(651) 284-3423

karen.morales@osa.state.mn.us

Molly Resch, Pension Analyst

(651) 297-2765

molly.resch@osa.state.mn.us

Robin Paulsen, Administrative Specialist

(651) 296-6267

robin.paulsen@osa.state.mn.us

Christina Rademacher, Intern

(651) 296-6279

christina.rademacher@osa.state.mn.us

Rose Hennessy Allen, Pension Director

(651) 296-5985

rose.hennessy-allen@osa.state.mn.us