

Pension Division Newsletter

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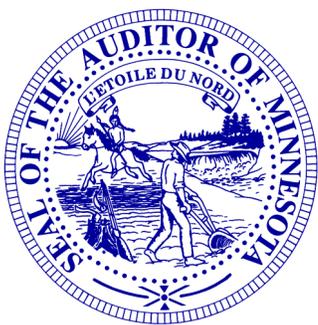
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State Auditor’s Working Group

The Volunteer Fire Relief Association Working Group convened by the Office of the State Auditor (OSA) met on October 1 and October 22. The agenda of these first two meetings included the Working Group’s selection of topics to be discussed by the group this year. Selection of discussion topics indicates that the group has interest in talking about an issue—not that there is agreement on how to resolve the issue or even whether it needs resolution. When the Working Group proposes legislative change, it only does so when there is unanimous agreement on the change. Some of the items that the Working Group is discussing or plans to discuss this year include the following:

- The Working Group will discuss whether the current vesting requirements of five years for partial (reduced) vesting and ten years of full vesting are too long, and whether relief associations should continue to have authority to provide interest or additional investment income to deferred members.
- The Working Group members began discussing the deferred interest topic at its October 22 meeting. Preliminarily, the consensus of the Working Group is that members of defined contribution plans should receive investment gains or losses during their periods of deferral. The Working Group members are continuing to discuss and consider deferred interest authority for defined benefit plan members.
- The Working Group will discuss the fire and supplemental state aid programs at its November 8 meeting. It is anticipated that this discussion will be largely informational. The group will also review legislation drafted by the Legislative Commission on Pensions and Retirement during the November 8 meeting 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.

Upcoming Working Group meetings are scheduled for November 8, November 26, and December 17. Meetings information will be available on the Working Group page of the [OSA website](#).



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What’s Ahead:

November 1:

Second certification deadline for 2019 fire state aid.

November 8:

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

November 15:

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

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.

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.

2020 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 2020 User Authorization Form that is now available for download on the [OSA website](#).

Deposit of Municipal Funds

Statements of Position:

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.

Considerations when Making Benefit Changes

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.

Supplemental Benefits

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.

Maximum Benefit Levels

Deposit of Funds Intended for the Fire Department

Paying a Defined-Benefit Lump-Sum Service Pension

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

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