

Pension Division Newsletter

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Working Group Update

The 2016-2017 Volunteer Fire Relief Association Working Group held its last meeting on January 17, and finished up its work for the upcoming legislative session. The Working Group’s legislative proposals are being compiled into a bill for introduction during this legislative session. We will keep you updated on the progress of the Working Group bill.

Information about the Working Group and its legislative proposals can be found on the Office of the State Auditor (OSA) website at: <http://www.auditor.state.mn.us/default.aspx?page=reliefworkinggroup>.

Broker Certification Form

Volunteer fire relief associations using the services of a broker must complete a uniform Broker Certification Form that is provided by the OSA. The Broker Certification Form must be completed before a relief association may enter into a business arrangement with a broker, and must be completed annually thereafter. A copy of each completed form should be submitted to the OSA with the relief association’s annual reporting forms.

If any portion of the relief association’s assets are held by a security broker or its agent, the security broker or its agent must acknowledge in writing annually that sufficient insurance has been obtained from the Securities Investor Protection Corporation (SIPC), supplemented by additional insurance, if necessary, to cover the full amount of the relief association’s assets held by the security broker or its agent.

Note that the State Board of Investment (SBI) is not considered a broker for purposes of this reporting requirement. A relief association that invests with the SBI is therefore not required to have the SBI complete a Broker Certification Form.

The Broker Certification Form for volunteer fire relief associations is available on the Pension Forms page of the OSA website, under “Current Forms.” The Pension Forms page can be found at:

<http://www.auditor.state.mn.us/default.aspx?page=20070105.001>.

What's Ahead:

February 15:

Final deadline for submitting 2016 Supplemental Benefit Reimbursement Forms to the Department of Revenue.

March 15:

Fire Equipment Certification Form (FA-1 Form) is due to the Department of Revenue.

March 31:

Reporting forms for relief associations with assets and liabilities of less than \$500,000 are due to the Office of the State Auditor.

March 31:

Investment Business Recipient Disclosure Form is due to the Legislative Commission on Pensions and Retirement.

Reminder to Submit Supplemental Benefit Reimbursement Forms

Supplemental Benefit Reimbursement (SBR) forms are due to the Minnesota Department of Revenue (DOR) by February 15, 2017, for volunteer fire relief associations seeking reimbursement of supplemental benefits paid. The DOR issues the reimbursements in March.

Relief associations must use the online SBR form that is available on the DOR website. The online form requires relief associations to provide their Minnesota ID number. If a relief association does not know its ID number, it can be obtained by calling the DOR at (651) 282-5225 during business hours.

The SBR form and instructions are available on the DOR website at:

http://www.revenue.state.mn.us/local_gov/prop_tax_admin/Pages/sbr.aspx.

2016 Reporting-Year Forms

The 2016 Financial and Investment Reporting Entry (FIRE-16) Form and 2017 Schedule (SC-17) Form will be available for completion soon. Notices will be sent by e-mail when the reporting forms are available for download from the State Auditor's Form Entry System (SAFES). Notices will also be posted in the State Auditor's weekly E-Update and in our Pension Division Newsletter when the forms are available.

SAFES User Authorization Form

Access to SAFES for many accountants, auditors, and other consultants who work with volunteer fire relief associations expired at the end of the 2016 calendar year. SAFES access allows an authorized individual to download, submit, and electronically sign relief association reporting forms.

Relief associations need to annually renew SAFES access for their accountants, auditors, and consultants by completing the 2017 User Authorization Form that is available for download on the OSA website at:

<http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

Resources for Auditors

Sample Bylaw Guides:

Resources are available on the OSA website for auditors working with volunteer fire relief associations.

LUMP-SUM

The 2016 Minnesota Legal Compliance Audit Guide for Relief Associations prescribes the minimum procedures and audit scope for legal compliance audits. To access the Guide, go to:

[City Fire Department](#)

<http://www.auditor.state.mn.us/default.aspx?page=20161228.005>.

[Town Fire Department](#)

The OSA has developed minimum procedures and a reporting format for Agreed-Upon Procedures engagements for relief associations with assets and liabilities below the \$500,000 statutory threshold. These can be found in both MS Word and PDF versions at:

[Joint-Powers Fire Department](#)

<http://www.auditor.state.mn.us/default.aspx?page=20151209.000>.

[Independent Corporation](#)

Submitting Agreed-Upon Procedures and Audit Reports

DEFINED-CONTRIBUTION

Agreed-Upon Procedures and audit reports for relief associations should be submitted to the OSA electronically through SAFES. Both types of reports must be saved as PDF documents and be uploaded by the relief association’s accountant or auditor. A relief association must authorize its accountant or auditor to have SAFES access to the association’s reporting information by completing and submitting a 2017 User Authorization Form, which can be accessed at: <http://www.auditor.state.mn.us/default.aspx?page=20130131.000>.

[City Fire Department](#)

[Town Fire Department](#)

To submit the report, choose the “Submit Forms/Documents” tab within SAFES. Browse and select the document for submission. When submitting the agreed-upon procedures report, choose “Agreed-Upon Procedures” when specifying the document type.

[Joint-Powers Fire Department](#)

To submit an audit report through SAFES, choose “Pension Audit Report” when specifying the document type. When submitting audit reports, please be sure that the management letter is included in the submission. When submitting PDF documents through SAFES, the financial statements, required supplementary information, and management letter should be saved and submitted as one PDF document.

[Independent Corporation](#)

Facts About Supplemental Benefits

Statements of Position:

We want to answer some commonly-asked questions about supplemental benefits:

Firefighter Service Credit Determinations

Q: How do we calculate the supplemental benefit?

A: When a lump-sum service pension is paid, the supplemental benefit is equal to 10 percent of the pension amount, not to exceed \$1,000. Alternatively, when a lump-sum survivor benefit is paid to a survivor of a deceased active or deferred volunteer firefighter, the supplemental benefit is 20 percent of the survivor benefit amount, not to exceed \$2,000. The supplemental survivor benefit is payable to the surviving spouse, or, if none, to the surviving child or children. If the deceased leaves no surviving spouse or children, no supplemental benefit is paid.

Maximum Benefit Levels

Q: Do we include deferred interest when we calculate the supplemental benefit?

A: No. Supplemental benefit amounts are based on the pre-tax lump-sum distribution, and must exclude any interest credited during a member's period of deferral.

Paying a Defined-Benefit Lump-Sum Service Pension

Q: Are supplemental benefits restricted to members with at least 20 years of service?

A: No. Supplemental benefits are payable both to fully-vested members and to members who are partially vested.

Considerations When Making Benefit Changes

Q: Are members who elect to rollover their distribution to an Individual Retirement Account eligible for a supplemental benefit?

A: Yes. Supplemental benefits are payable to qualified recipients regardless of how they elect to receive their distribution.

Pension Division Staff

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