FIRE RELIEF ASSOCIATION NEWSLETTER
May 2025

1. Legislative Update

On May 23, Governor Walz signed the **2025 Omnibus Pension and Retirement Bill** into law. All of the Fire Relief Association Working Group proposals were included in the bill, plus some additional changes affecting relief associations that were initiated by other groups or organizations. The bill:

- Changes the March 31 reporting deadline to June 30, so all relief associations have the same reporting deadline to the OSA.

- Allows distributions from **defined contribution plans** as soon as practicable following a firefighter's separation from service, instead of requiring the firefighter to be at least age 50. This change goes into effect on January 1, 2026, and requires the relief association to amend its bylaws. We will be sending more detail to defined contribution plan trustees this summer. *Note that firefighters in defined benefit plans must still be at least age 50 to receive a retirement benefit distribution.* If you're not sure of your relief association's plan type, see topic 5 below.

- Removes authority to deposit member dues or contributions into the special fund and updates municipal contribution calculations to no longer include these amounts.

- Updates direct rollover language for consistency with Internal Revenue Code and clarifies the rollover notice requirement relief associations must provide to retiring firefighters.

- Increases the maximum allowable benefit level to $20,000 per year of service.

- Clarifies fire and supplemental state aid provisions with respect to fire departments having part-time firefighters.

- Repeals the relief association Investment Business Recipient Disclosure reporting requirement.

- Clarifies the full vesting requirement if a relief association were to dissolve, defines when during a plan termination any interest allocations to deferred members end, and updates when a relief association is involuntarily dissolved.

We will send by email this summer additional information to relief association officers on these changes. In the meantime, if you have questions, please contact our **Pension Division** team.

2. New Training Video

A new training video titled "**Deferred Interest Calculations**" is available on the OSA website that shows different ways to credit deferred members with interest and walks through each calculation method.

Additional training videos can be found under the "Pension Division" heading on the **Training Opportunities** page.

3. Schedule Form Redesign

We plan to release next year a redesigned version of the Schedule Form that's completed annually by relief associations that pay defined benefit lump-sum service pensions. The form is used to estimate member liability amounts, determine the plan's funded status, and calculate whether any city or town contributions are required for the upcoming calendar year. The redesigned form will streamline and reduce data entry and enhance accessibility.

We're looking for input on the new layout from relief association officers, municipal officials, and accountants who complete or use the form. If you'd like to be one of the first to see the redesigned form and have an opportunity to share your thoughts before we move to the next phase of development, please send the **Pension Division** an email!

4. Resources for Auditors

Reporting forms and audited financial statements for relief associations with assets or liabilities of at least $750,000 are due to the OSA by June 30. This threshold is determined using end of year asset and liability amounts, and is based on special fund amounts only. After a relief association exceeds the threshold, an audit is required beginning the following reporting year.

The **2024 Minnesota Legal Compliance Audit Guide for Relief Associations** prescribes the minimum procedures and audit scope for legal compliance audits. The reporting forms can be accessed through the **State Auditor's Form Entry System (SAFES)** website. Helpful hints are found in the **Reporting Checklist for Fire Relief Associations**.

Please submit the **2025 User Authorization Form** to provide the relief association's accountant or auditor with access to the relief association's reporting information.

TIPS FOR TRUSTEES

5. Relief Association Plan Types

Relief associations can either provide defined contribution retirement plans or defined benefit retirement plans. A **defined contribution** retirement plan, also known as a "split-the-pie" plan, provides a retirement benefit equal to the member's individual account balance at the time of retirement. Members of defined contribution plans receive equal shares of state and municipal contributions and prorated shares of investment earnings. Individual member account balances vary from year to year based on investment performance, revenues, and expenses.

A **defined benefit** retirement plan provides a retirement benefit based on a formula (length of service x benefit level x vested percent). Benefits are primarily funded through a combination of fire state aid, municipal contributions, and investment earnings. When revenue from one of these funding sources decreases, pressure may be put on the other funding sources to make up the difference. If a relief association experiences investment losses, for example, a municipality may need to increase its contributions to the relief association so that benefits are sufficiently funded.

Learn More

June 30: Reporting forms for relief associations with assets or liabilities of at least $750,000 are due to the OSA.

August 1: The 2025 Schedule Form must be certified to the municipality or independent nonprofit firefighting corporation.

September 15: First certification deadline for 2025 fire state aid. To be certified as eligible, all 2024 information must be submitted to the OSA, the OSA review must be completed, and any issues resolved

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