

# State Auditor's Fire Relief Association Working Group

# 2023 RELIEF ASSOCIATION DATA

- Assets = \$645 million
- Liabilities = \$537 million
- Average funding ratio = 120%
- Average rate of return = 14.2%
- Invested with SBI = 33.8% of relief associations

- State aid = \$27 million
- Municipal contributions = \$5 million (only 9.4% was mandated by statute)
- Average benefit level = \$2,594



# WHAT IS A RELIEF ASSOCIATION?

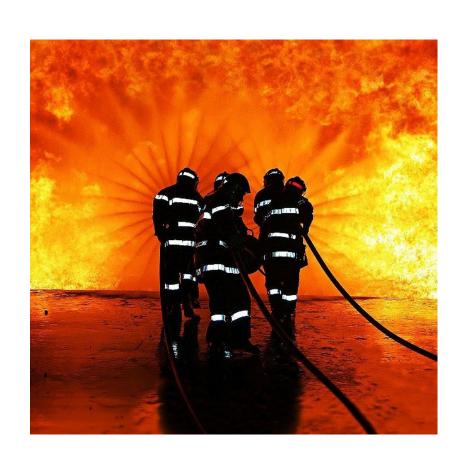
- Governmental entities that also are nonprofits
- Governed by state law and local bylaws
- Provide retirement benefits to nearly 15,000 volunteer and paid on-call firefighters





# WHAT IS A RELIEF ASSOCIATION?

CONTINUED



- Run by elected, local boards of trustees
- File annual reports with the OSA and meet statutory requirements to qualify for Fire State Aid
- Primary source of non-investment revenue

#### FIRE RELIEF ASSOCIATION WORKING GROUP

- Established by the OSA in 2004
- Consider and vet proposed legislative changes
- Only those with unanimous support put forward
- Members are relief association members, fire chiefs, and city and town officials

#### SECTIONS 1 AND 9

- Change the reporting deadline for smaller relief associations from March 31 to June 30
- Change makes the reporting deadline the same for all relief associations
- Provides flexibility in scheduling for CPA firms



# SECTIONS 2 AND 5

 Technical changes to update the direct rollover language to comply with federal IRS Code





# SECTIONS 3 AND 4



- Remove the minimum retirement age requirement for members of DC plans
- Would permit distributions as soon as practicable
- A fire relief association could still set a local minimum retirement age in its bylaws

# WHAT'S IN THE BILL? SECTIONS 6, 8 AND 10

- Prohibits deposit of member dues or contributions into the special fund
- Any dues or contributions collected must be deposited into the general fund
- Required municipal contribution amounts could no longer be offset by special fund member dues or contributions

#### SECTION 7

 Removes an accrued liability table for active member calculations that was used for reports filed prior to 2022





Office of the State Auditor (651) 296-2551 pension@osa.state.mn.us www.osa.state.mn.us