

Instructions for the 2014 Schedule Form (Form SC-14)

These instructions are intended for those who are completing the 2014 Schedule Form (SC-14) for relief associations that offer a defined-benefit lump-sum service pension. The SC-14 is provided to relief associations to determine the 2014 plan liabilities, surplus or deficit, and the 2015 required municipal or independent nonprofit firefighting corporation contribution. The SC-14 should be completed in July 2014 and must be certified to the municipality or independent nonprofit board by August 1, 2014.

These instructions are intended for both those who are unfamiliar as well as those who are experienced with completing the Schedule Form. Please carefully read each section and complete accordingly. If you have questions, please contact the Pension Division at 651-282-6110 or at pension@osa.state.mn.us.

Once you have completed the SC-14, please retain a copy for your records and upload the form to the Office of the State Auditor's website at <https://www.auditor.state.mn.us/safes/login.aspx>.

Materials Needed

Before you begin completing the SC-14, you will need to gather the following:

- A roster of the active, inactive, and deferred relief association members;
- A birth date for each member;
- Copies of past and current relief association bylaws;
- Current bank and investment statements for the Special Fund;
- Payout information for any members paid during 2014;
- A copy of the 2013 Reporting Form (RF-13); and
- A copy of the 2013 Schedule Form (SC-13).

After you have gathered the necessary materials, you can proceed to the next section of these instructions.

Page 1 - Active and Inactive Members

Materials Needed: Copies of past and current relief association bylaws, roster of the active and inactive relief association members, and a birth date for each member.

The purpose of Page 1 is to allow you to determine the liabilities for all active and inactive members of your relief association. The liabilities will be used to calculate the surplus or deficit and the required contribution.

Note: If your relief association submitted its 2013 Schedule Form prior to the 2014 Schedule Form's release, much of the member data on pages 1, 2, and 3 will be pre-populated. Please review pre-populated data to ensure accuracy. Make corrections or updates as needed.

The SC-14 provides an estimate of the rate of accumulation of actuarial liabilities and determines an annual contribution necessary to finance the forecasted costs. The liabilities derived in the SC-14 do not represent the actual benefit accrued for any member. The actual benefit must be determined on an individual basis when a member applies for payment using actual years of service, vesting, and benefit provisions as provided in the relief association's bylaws effective on the date the member separated from active service.

1. Enter the benefit level in the box to the right of "Enter Annual benefit level in effect for 2014." The benefit level entered should be the level that will be in effect as of December 31, 2014.

2. Enter the name, birth date, and entry date for each member.

3. Enter the member status of each member by clicking on the box below "Status" that says "Choose Status." Select the status from the drop-down list. If a member was active and became deferred during 2014, change the member's status to Deferred (do not delete the member row). Enter the member's name in an empty row on page 2, exactly as it appears on page 1. The member's birth date, entry date, breaks in service, and leaves of absence will automatically be displayed on page 2. If the member began receiving installment payments during 2014, change the member's status to Paid and enter the member's information on page 3 of the form. If a member was paid during 2014, change the member's status to Paid and enter the member's liability in the projected pension payment section on page 4. If a member separated before becoming vested, enter a status for the member of Separated/Not Vested. Members with a status of Paid or Separated/Not Vested will not be shown on the 2015 Schedule Form when it is pre-populated.

4. If a member has had one or more leaves of absence or breaks in service, please review your bylaws to determine the appropriate service credit. Enter the cumulative length in months of the leave or break in the "Leaves of Absence and Breaks in Service" box. If there is no leave of absence or break in service, enter 0 or leave the cell blank.

Note: The SC-14 Form allows entry for 150 active members and 70 deferred members. You can selectively print active member and deferred member pages so that only pages that contain member data are printed. To print pages, select File from the menu bar and scroll down to print. In the Print Range box select the pages that you want to print. The first page of active members contains members 1 through 31, the second page contains members 32 through 80, the third page contains members 81 through 129, and the fourth page contains members 130 through 150. If your relief association has 25 active members, for example, you could choose to just print page 1 of the Page 1 tab. For deferred members, two members print to a page. Subtotals for the active and deferred members are provided on the first page of the active and deferred member tabs, respectively.

5. The total years of service and accrued liability to the end of 2014 and to the end of 2015 will be calculated automatically for each active member and for each inactive member.

Page 2 - Deferred Members

Materials Needed: Copies of past and current relief association bylaws, roster of the deferred relief association members, and a birth date for each member.

The purpose of Page 2 is to allow you to determine the liabilities for each deferred member of your relief association. The liabilities will be used to calculate the surplus or deficit and the required contribution.

1. Enter the name, birth date, entry date, and date the member separated from active service. Also, enter any leaves of absence or breaks in service for each member in the same manner as on page 1.
2. Enter the annual benefit level in effect on the date of the member's separation from active service.
3. Click on the arrow in the box to the right of the "Months of Service Are Paid" label. Select "Yes" if your relief association bylaws provided for the payment of months of service on the date that the member separated from active service.
4. Enter the vesting percentage amount. This number should be the number in the bylaws in effect on the date that the member separated from active service and must comply with State law.
5. Enter the minimum number of years required for vesting. This number should be the number in the bylaws in effect on the date that the member separated from active service.
6. To determine if the member is eligible to receive deferred interest, review the relief association bylaws that were in effect on the date that the member separated from active service. Click on the arrow in the box below the "Deferred Interest Paid" label. Select "Yes" if deferred interest was offered when the member separated.
7. If the member is eligible for deferred interest, select the type of interest to be allocated by clicking on the arrow in the box below the question that asks "If Interest Paid, Choose Type." If you choose Separate Account or Separate Vehicle, enter the member's 2014 Estimated Liability next to the box as indicated. If you choose an "up to 5%" option, you must enter the rates of return for each year that interest was accrued by the member in the cells below.
8. To distinguish how the interest is calculated, click on the arrow in the box below "Period Interest Is Paid" and then select "Full Calendar Months" if interest starts accruing at the beginning of the next month after the member separates. For example, if a member separated on June 15, 2000, interest would not start accruing until July 1, 2000. Select "Full Calendar Years" if interest is paid only for each full calendar year the member is deferred. For example, if a

member separated on June 15, 2000, interest would not start accruing until January 1, 2001. Select "Full Period" if interest starts accruing as soon as the member separates. For example, if a member separated on June 15, 2000, interest would start accruing on June 15, 2000.

9. The 2014 and 2015 Estimated Liabilities will automatically calculate after all of the necessary information has been entered. If the deferred interest type is Separate Account or Separate Vehicle, the 2014 Estimated Liability must be entered manually. The total years of service, and months, if applicable, will also be automatically calculated and displayed.

10. When the member has been paid his or her deferred service pension, change the member's status from Deferred to Paid. Enter the member's liability in the projected pension payment section on page 4.

Page 3 - Unpaid Installments

Materials Needed: Copies of past and current relief association bylaws, roster of members receiving installment payments, and a birth date for each member.

The purpose of Page 3 is to allow you to determine the liabilities for each member of your relief association who is receiving installment payments. The liabilities will be used to calculate the surplus or deficit and the required contribution.

1. Enter the name, birth date, entry date, and separation date for each member.
2. Enter the amount that has previously been paid to each member. For example, if a member has an earned service pension of \$20,000, and has already received installment payments totaling \$10,000, enter \$10,000 in the "Amount Previously Paid" column.
3. Enter the 2014 and 2015 estimated liabilities. Include any applicable interest.
4. When the final installment has been paid to the member, change the member's status from Unpaid Installment to Paid. Enter the final installment payment amount in the projected pension payment section on page 4.

Page 4 - Projections

Materials Needed: Current bank and investment statements for the Special Fund, benefit information for each member paid during 2014, a copy of the RF-13, and a copy of the SC-13.

The purpose of Page 4 is to allow you to determine the projected net assets for 2014, to calculate the Special Fund surplus or deficit, and to calculate the required contribution.

1. On Line 1 of the SC-14, enter the Special Fund ending assets as of December 31, 2013, using Line E of the RF-13.

Projected Income

1. On Line D, enter the 2013 State Fire Aid amount from the RF-13. The State Fire Aid amount entered should be the combined total of regular state fire aid and supplemental state aid received or receivable for 2013. Do not include supplemental benefit reimbursements. State law allows relief associations to project an increase in State Fire Aid of up to 3.5 percent from the prior-year amount.
2. On Line E, enter Municipal/Independent Fire Dept. Contributions received or to be received in 2014. This amount should, at a minimum, equal the required contribution amount shown on the SC-13 Form.
3. On Line F, enter any interest or dividend income received to date plus additional projected earnings from interest and dividends through the end of 2014 using the relief association's 2014 investment statements.
4. On Line G, enter the expected net appreciation or depreciation (if amount is negative press "-" before entering the amount, parentheses should then display to denote a negative number) in the fair market value of investments during 2014.
5. On Line H, enter member dues received to date plus additional dues expected by the end of 2014. Only enter member dues if the dues are deposited into the Special Fund.
6. On Line I, enter all other income, including supplemental benefit reimbursements.
7. The total projected income will be automatically calculated.

Projected Expenses

1. On Lines J and K, enter total service pensions and other benefits paid to date, respectively, plus additional service pensions and other benefits expected to be paid by the end of 2014. If a member's pension amount is listed here, do not include the member's liability in the active, deferred, or unpaid installment sections.
2. On Line L, enter total administrative expenditures (e.g., audit costs, faithful performance bond fee, etc.) actually paid to-date plus additional administrative expenditures expected to be paid by the end of 2014.
3. The total projected expenses will be automatically calculated.

Projected Net Assets

1. The projected net assets as of December 31, 2014, will be automatically calculated and displayed on Line 4. The projected surplus or (deficit), shown on Line 7, will also be automatically calculated.

Calculation of Municipal Contribution

1. If the relief association has a deficit (Line 7 is negative), copy the original amount under the *adjusted* "Original Amount" column of the deficit table in the SC-13 to the *original* "Original Amount" column in the SC-14. Do not adjust the original amounts.
2. If the relief association has a deficit, copy the "Amount Retired as of 12/31/2013" from the SC-13 to the "Amount Retired as of 12/31/2013" column in the SC-14. Do not adjust the amounts retired.
3. If the relief association has a surplus or a deficit, enter the total Special Fund administrative expense for 2013 on Line 9. This amount will be found on page 4 of the RF-13.

Page 5 - Signatures

The purpose of this section is to allow the relief association to certify that the SC-14 was prepared according to State law and that the 2015 contribution amount is correct based on the financial requirements of the Special Fund. The form must be certified to the entity that is responsible for satisfying the 2015 contribution amount. For example, if the affiliated city is the entity responsible for satisfying any required contribution amount, the form should be certified to the city and be signed by the city clerk or other city official. If the responsible entity is an independent nonprofit firefighting corporation, the form should be certified to the independent corporation and be signed by the secretary of the independent board. If the responsible entity is a joint-powers entity, the certification must be made in the manner specified in the joint-powers agreement, or if the joint-powers agreement is silent on this point, the certification must be made to the chair of the joint-powers board.

Please have the appropriate relief association officers and official from the entity responsible for satisfying the contribution amount sign and date the form. Enter the name of each relief association officer and the name and phone number of the official from the responsible entity.

Error Checks and Submitting

Review the far right column. If any messages are displayed in red, information was either omitted or entered incorrectly. Once all red messages have been corrected, you will be able to submit your SC-14. Blue messages provide reminders or additional information to assist you in completing the form. If you have questions regarding messages that you may have received, please contact the Pension Division at (651) 282-6110 or at pension@osa.state.mn.us.

After you have reviewed all messages and corrected any errors, retain a copy of the SC-14 for your records and upload the form to <https://www.auditor.state.mn.us/safes/login.aspx>.

The form may be signed electronically on this website, or you may submit a signed copy of the form to:

Office of the State Auditor
Attention: Pension Division
525 Park Street, Suite 500
Saint Paul, MN 55103
Fax: (651) 282-5298
pension@osa.state.mn.us

Congratulations on completing the SC-14!