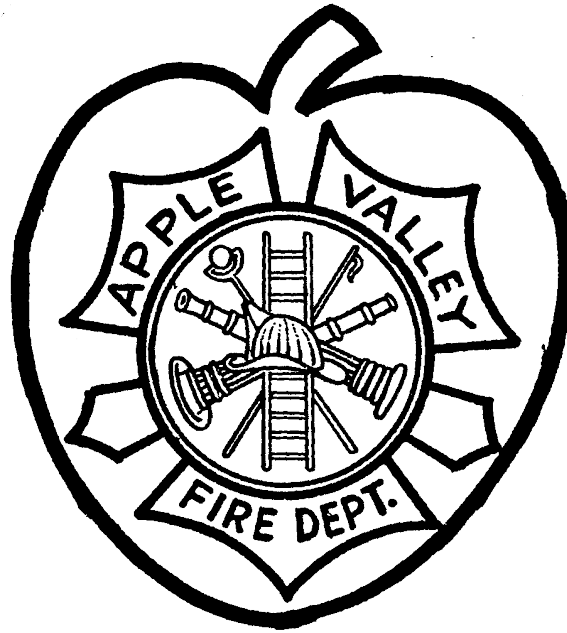


Apple Valley Firefighters Relief Association



Member Handbook

Table of Contents

TABLE OF CONTENTS	2
INTRODUCTION.....	3
WHAT IS A RELIEF ASSOCIATION?.....	3
WHO CAN JOIN OUR RELIEF ASSOCIATION?.....	3
WHO RUNS THE RELIEF ASSOCIATION?	3
IS THE RELIEF ASSOCIATION PART OF THE CITY?	3
WHO MAKES THE DECISIONS ABOUT THE INVESTMENTS?.....	3
DOES THE RELIEF ASSOCIATION HOLD MEETINGS?.....	4
DO I GET TO VOTE AT THE MEETINGS?.....	4
FUNDS	4
WHAT ARE ALL THESE ACCOUNTS AND DIFFERENT FUNDS?	4
AID	4
PENSION BENEFITS	4
WHAT HAPPENS IF I TAKE A LEAVE OF ABSENCE?	5
WHAT IS VESTING?.....	5
WHAT HAPPENS IF I LEAVE BEFORE I AM VESTED?.....	5
WHAT HAPPENS IF I LEAVE BEFORE AGE 50, BUT I AM VESTED?	5
WHAT IF I NEED MY BENEFIT NOW; CAN I GET ACCESS TO IT?	5
WHAT KINDS OF BENEFITS ARE AVAILABLE TO MY FAMILY, IF I PASS AWAY?.....	5
WHO ARE MY BENEFICIARIES?.....	6
TIME FOR RETIREMENT AND PAYMENT OF YOUR BENEFIT?	6
WHAT DISTRIBUTION OPTIONS ARE AVAILABLE?.....	6
WHAT IF I GET DIVORCED?	6
CAN MY PENSION BE GARNISHED IF I GO BANKRUPT?.....	6
CAN I GET A LOAN FROM MY ACCOUNT?.....	6
CONCLUSION	6
CONTACTS AND WEBSITE	6

Introduction

The purpose of this summary is to provide a simple method for you to understand the benefits that you will be receiving from the relief association. If you have questions about any of this information, you should talk to an officer or trustee of the relief association. There are bylaws and written policies of the association available, which may answer some of your questions, you may want to request a copy of these bylaws or policies. Any of the documents developed by the board of trustees are considered public documents, unless they contain private data about a member. The Board will be able to discuss any of these issues, in depth, with you.

What is a relief association?

Relief associations are nonprofit corporations that exist to provide a retirement incentive for volunteer or paid on-call firefighters. The name of this relief association is the ***Apple Valley Firefighters Relief Association (AVFRA)***. Relief associations are considered governmental entities. Therefore, they have similar rights, duties and responsibilities as other governmental entities, such as a city. As a governmental entity, the relief association manages the retirement money for the firefighters, so that the firefighter has a good retirement benefit. The hope is that this will allow cities to recruit and retain good, well-trained, experienced people to provide emergency fire and medical services to the community.

Who can join our relief association?

All Apple Valley firefighters must be offered membership in the **AVFRA**. Membership is voluntary. But, if you don't join, you won't get a retirement benefit from the relief association. To join, you should fill out an application and submit it to the Board of Trustees.

An application is provided at the new firefighter orientation along with this handbook. Once you join, you will remain a member as long as you pay your monthly dues and continue to meet **AVFRA** and Apple Valley Fire Department requirements.

Who runs the relief association?

A Board of Trustees administers the relief association. There are nine trustees. Six of the trustees, one of which may be a retired member receiving a monthly pension, are elected from the active and deferred membership of the relief association. Three of the trustees serve on the Board because the law requires them to. One is the Fire Chief, and the others are municipal officials representing the municipality (city of Apple Valley). Each of the six elected trustee serves a term of three years. It is important for you to attend the annual meeting because you vote to elect these trustees and they will be the ones who make the decisions about the investment of your retirement funds.

Four of the Trustees that the members elect at the annual meeting will be officers. The four officer positions are the:

- President
- Vice President
- Secretary
- Treasurer

The terms of office of the general Trustees and the officers are grouped as follows: (President and one Trustee), (Vice President and Secretary), (Treasurer and one Trustee). Two positions are elected each year. Each of these officers has very specific responsibilities that are described in the Bylaws. Being a Board member is a difficult job and requires a lot of extra dedication and hard work. It takes many extra hours of time and effort to complete their duties. That's why it is so important for you to attend the annual meeting and put your time and effort into ensuring that the administration of the relief association is in the hands of people that care. The Bylaws also contain the procedure for removing an officer or trustee, which must be done by the membership. If you would like to obtain a copy of Bylaws, please contact the Secretary, or visit **AVFRA** website at www.avfra.org.

Is the relief association part of the city?

No, the relief association is a separate non-profit corporation. The fire department is called the "plan sponsor", in that they sponsor the pension plan (relief association) by providing funding to it. Therefore, public officials of the municipality with the fire department sit on the Board of Trustees and the city provides funding to the retirement account called the Special Fund. The public has an interest in seeing the retirement benefit offered to the firefighters is good enough to retain trained, experienced people.

Who makes the decisions about the investments and is a good return important to my benefit?

The Board of Trustees makes all of the decisions with respect to the investments of the assets of the relief association. There are state laws that dictate the kind of investments that the Board can invest in. However, the Board has a great deal of discretion within these laws. The Board of Trustees is required to develop an "investment policy" that lays out its goals for the year. Often, the relief association will develop an "asset allocation" plan in which it will identify the types of investments that it wants to invest in and the amounts of the assets of the fund, that will be invested in each type. In addition, the Board is required to diversify the investments (i.e., they can't put 100% of the assets in bond investments.) For example, the Board might want to invest 30% of the assets in bonds or treasury bills and 65% of the assets in stocks and the rest would be kept in a checking account to pay bills. If you would like to see the current allocation or the investment policy, you can contact an officer and request a copy of the information.

time. Defined Benefit Distribution plans work by setting a per year or per month/year of service benefit amount for each firefighter. As the value of the funds allow, the benefit may be raised. The Board uses what is called a schedule to determine what the benefit will be, based on the number of firefighters and the available funding available. If the investments do not do well, then there will not be additional money available to raise the lump sum benefit amount. The benefit amount will be described below in more detail.

Does the relief association hold meetings?

Yes, the Board of Trustees holds regular meetings. The schedule for these meetings will be posted at City Hall and sent by email. The board may also hold "special meetings" at short notice. They are required to give notice to the trustees before these meetings. The quorum required for these meetings is a majority of the trustees on the board. In our case we need at least five board members out of the nine to hold a meeting.

The relief association holds an annual membership meeting on the first Saturday of December of each year. Written notice will be posted, at least (10) ten days in advance. The quorum for any membership meeting is 30% of the active voting members.

The Board may also call special meetings for the entire membership. In such a case, the Secretary is required to give advance notice to you. If you feel that you would like the membership to hold a special meeting to address an issue that is important to you, you may get 10 member signatures and submit these signatures to the President. The President is then required to hold that special meeting.

Do I get to vote at the meetings?

Yes, each member that has been accepted into membership and has paid their dues can have one vote at the membership meetings, along with the statutory members of the Board of Trustees. You must attend the meetings to vote, as there is no proxy voting allowed. Therefore, it is important that you attend meetings.

FUNDS

One of the most common questions is what are all these accounts and different Funds?

The AVFRA has two main funds, The Special Fund (the one that pays for all of the service pensions and ancillary benefits) and the General Fund (the one that pays for the banquet, memorial, aid and other expenses.)

The General Fund contains all moneys received from dues, and any moneys or property donated, given, granted or devised by any person for unspecified uses. The General Fund may be used for any purpose authorized by either the Articles of Incorporation or the Bylaws, including flowers for deceased members and for any and all purposes as authorized by resolution of the Board of Trustees.

The Special Fund is credited with all fire state-aid moneys and revenue received from the City providing for municipal support for the AVFRA, and any interest earned upon assets of the Special Fund. No disbursement shall be made from the Special Fund for any purpose except service pensions, ancillary benefits, and administrative expenses as limited by Minnesota State Statues. All other expenses of the Association shall be paid out of the General Fund. By law, special funds cannot be transferred to general fund accounts, however, general funds can be transferred to special accounts.

Aid

The Vice President is the chair of this committee. The Aid Committee members shall be the station rep from each station who shall serve two-year terms. The duty of the committee is to establish the guidelines by which assistance shall be given to active, deferred, and retired members of the AVFRA. Funding is from the General Fund. Other duties of the station rep are to inform members from their station how to obtain AID, notify the AVFD Administrative Assistant of any AID to be sent. For AID to be sent, please contact.

AVFD Administrative Assistant
952-953-2600
fire@applevalleyfire.org

Pension Benefits

This pension plan offers a lump sum benefit. When you retire after completing 10 years of active service, and have reached the age of 50, you will receive a pension payout. If you have not reached the age of 50 when you separate, your money will be held by the relief association until you reach the age of 50. There are three sources of funding that go into your retirement account. They are:

- Aid from the State of Minnesota
- Contributions from the City of Apple Valley
- Investment earnings.

In addition, there are costs to administer the fund. These costs may include:

- Audit fees
- Legal fees
- Investment fees

- Salaries
- Conference fees for trustees' continuing education (a state law requirement)
- Administration costs

Each of these contributions or expenses will affect what the benefit level will be when you retire. In addition, the number of years and months of active service you have on the fire department will also affect your benefit. To see your projected benefits, talk to an AVFRA officer. An Estimated Benefit will be prepared for you as of whatever date you choose.

What happens if I take a leave of absence?

Leaves of absence are under the review of the Fire Department. To be approved for a leave of absence, you should contact the appropriate fire department representative or refer to the Fire Department's personnel manual, and then contact the AVFD Administrative Assistant to fill out the proper paperwork. Your decision to take a leave of absence could affect your retirement benefit. Your years of active service will be adjusted by the amount of leave you accumulate. If you take 90 days of leave over your time on the fire department, then you would need to remain a member for an extra 90 days after your actual start date anniversary in order to count for a full year of service.

What is vesting?

Vesting is a concept of "ownership". What this means is that if you stay for the minimum number of years then you will "vest" or have a right to a certain amount of your retirement account. Members who have served at least 10 years of active service as a firefighter in the Apple Valley Fire Department before becoming vested. The vesting concept is used to help retain trained firefighters. The statutes of Minnesota dictate what these vesting percentages can be. The relief association requires the following time for vesting:

<u>Years of Service</u>	<u>% of Pension Amount you'll receive</u>
<10	0 percent
10	60 percent
11	64 percent
12	68 percent
13	72 percent
14	76 percent
15	80 percent
16	84 percent
17	88 percent
18	92 percent
19	96 percent
20 or more	100 percent

What happens if I leave before I am vested?

If you leave before completing 10 years of active service as a firefighter in the Apple Valley Fire Department you will not receive a pension benefit. Once the Board has received a separation notice and the service time information from the Fire Chief, the final benefit is calculated and can be distributed upon approval of the Board of Trustees.

What if I leave before age 50, but I am vested?

If you separate from the fire department and leave before turning age 50 and are vested, you are entitled to a Deferred Service Pension. To learn what your earned benefits are contact the Board member of the relief association and request an application for deferred retirement. You will receive an estimate of your earned benefits and an application for Deferred Retirement.

Deferred Service Pension applications shall only be acted upon after the date of separation and service time documentation from the Chief. You can make an application for your benefit by contacting the Secretary or a board member of the relief association and request an application for Retirement.

What if I need my benefit now; can I get access to it?

No, you must be at least 50 years of age and separate from the fire department. You cannot receive the benefit earlier than that. Once you have separated and turned 50, you can make an application for your benefit by contacting a relief association Board member.

What kinds of benefits are available to my spouse and children if I pass away?

The Apple Valley Firefighters Relief Association offers a survivor's benefit to survivors of the member that has passed away while still an active member. If the member has no survivors, then the member's estate shall be paid the same benefit. The amount of the benefit is equal to the member's years of service times the current yearly benefit amount and is considered vested at 100%. For a deferred member that has passed away prior to receiving their service pension, the benefit is equal to the member's earned benefit. The benefit is paid in a lump sum to the member's survivors or estate. There are certain instances where the lump sum can be deferred for Apple Valley Firefighters Relief Association Handbook

tax reasons. Contact your tax attorney or CPA, for more information about these tax rules.

Who are my beneficiaries?

One of your beneficiaries is your spouse. If you do not have a spouse, your child or children will receive a survivor's benefit in the same amount. Both adopted or naturally born children will receive this benefit. If you don't have any spouse or children, the relief association will pay a death benefit in the same amount, to your chosen beneficiary or estate. A designated beneficiary must be a natural person or a trust. Contact Board member of the relief association and request an application for Change of Beneficiary if needed.

Time for retirement and payment of your benefit?

If it is time for you to retire and you are ready to take payment of your benefit, then follow these instructions:

- Contact the Fire Chief or Administrative Asst. for the proper forms and verification of your dates of service. These are maintained by the AVFD. Service pension applications shall only be acted upon after the date of separation and service time documentation from the Chief. Once the Association receives the service time information from the Fire Chief, the final benefit is calculated and can be distributed upon approval of the Board of Trustees.
- Contact the Board member of the relief association and request an application for Retirement and an Estimate of Benefits.
- Talk to your tax attorney or CPA and discuss the distribution options.
- Notice of Intent to Take Distribution. Each member who intends to take distribution of a service pension, including a deferred service pension, from the Association must file a Notice of intent to Take Distribution. Such Notice of intent to Take Distribution will be in writing and will be filed with the Secretary not less than 90 days prior to the intended date of distribution. Upon receipt of the Notice of Intent to Take Distribution, the Secretary will provide to the applicant an Application for Distribution and any forms or notices required by Federal or State law. No Notice of Intent to Take Distribution is required for ancillary benefits.
- Make your distribution selection.
- Return your application to the Board of Trustees for approval.
- Enjoy your retirement!

What distribution options are available?

The relief association offers the following ways to take your retirement benefit:

1. A check in the amount of the lump sum retirement benefit paid directly to you (taxes will automatically be withheld from the benefit amount if under age 59 1/2).
2. A rollover to an Individual Retirement Arrangement. (You must set up the IRA)

What if I get divorced?

If you get divorced and your spouse receives rights to a portion of your retirement benefit, then the court must approve a "domestic relations order" that complies with Minnesota State Statutes. Your spouse's attorney then must file the domestic relations order with the board of trustees along with the filing fee. Your ex-spouse cannot receive any benefits different than those to which you were entitled. An ex-spouse is not entitled to a survivor's benefit.

Can my pension be garnished if I go bankrupt or can I use it for collateral on a loan?

No. Public pension funds cannot be attached, garnished, or otherwise used for any legal process except for a domestic relations order which qualifies under the statutes listed above. The board of trustees cannot recognize any kind of assignment of these funds for loans or for any other reasons.

Can I get a loan from my account, if it's an emergency, like my deferred compensation account at work?

No. You must have separated from service, be at least age 50 or pass away, in order for the board of trustees to be authorized to distribute the funds from your account balance. The only other means for receiving the funds would be for the relief association to dissolve.

Conclusion

The relief association offers a retirement incentive that promotes recruitment and retention for the fire department. You should contact a AVFRA Board member for more information on these or other benefits.

Contacts and Website

The AVFRA also has a website with further information for active, deferred, and retired members. Board member contact information and forms are included on the site.

www.avfra.org