



## Bill Draft LCPR25-030: Firefighter Relief Associations; Repealing the Investment Business Recipient Disclosure Form Requirement

Prepared by: Susan Lenczewski, Executive Director

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### Introduction

- Affected Plans:** Firefighter relief associations
- Laws Repealed:** Minnesota Statutes, [section 356A.06, subdivision 5](#)
- Brief Description:** The bill repeals the requirement that firefighter relief associations and other pension and retirement plans annually file with the Commission information regarding recipients of investment business.
- Attachments:** [Seven sample Investment Business Recipient Disclosure forms](#)  
[Two disclosure forms filed in 2025](#)

### General Summary

Bill draft LCPR25-030 repeals Minnesota Statutes, section 356A.06, subdivision 5, which requires the chief administrative officer of a “covered pension plan” to annually disclose “the recipients of investment business placed with, or investment commissions allocated among, commercial banks, investment bankers, brokerage organizations, or other investment managers.” The disclosure must be made available for public inspection in the plan office within 60 days after the close of the fiscal year and filed with the Commission within 90 days after the close of the fiscal year. The disclosure document may be filed with the Commission’s executive director by email.

“Covered pension plan” is defined in [section 356A.01, subdivision 8](#), as a pension plan or fund listed in section 356.20, subdivision 2, or section 356.30, subdivision 3, or a plan established under chapter 353D (PERA Defined Contribution Plan), 354B (MN State Higher Education Individual Retirement Account Plan), 354C (MN State Higher Education Supplemental Retirement Plan), or 354D (Right to elect of IRAP or a statewide pension plan). [Section 356.20, subdivision 2, clause 10](#), includes firefighter relief associations governed by [section 424A.091](#).

## Background

The requirement to require investment business recipient disclosure was added to law in 1989. According to a memo prepared by Commission staff and updated in 2007, investment business recipient disclosure was intended to provide public disclosure of relationships that can create conflict of interest.

The 2007 memo also states that the investment business recipient disclosures are filed with the Commission not because the Commission concluded in 1989 that it was the right entity to receive this disclosure, but because, at that time, the Commission was unsure what state entity might make a better home for this information. In 1989, no state agency was paying much attention to the investment activities of firefighter relief associations or any other local public plans.

The 1989 disclosure requirements preceded by several years the requirement now found in Minnesota Statutes, [section 356.219](#), that the State Auditor monitor the investment activities of local plans and their investment performance.

The format and information requested on the “Investment Business Recipient Disclosure” form has changed very little since the Commission created the form and made it available to relief associations for use in making the required disclosures. The one-page form provides a chart divided into four parts, labeled “Commercial Banks,” “Investment Bankers,” “Brokerage Organizations,” and “Other investment Managers.” The relief association lists the entities with which it has investment business according to the category that best describes the entity. In addition to the name of the entity, for each entity, two columns must be completed for “Type of Investment” and “Amount.” None of these terms or phrases are defined. If a relief association is invested all or partially at the State Board of Investment, most relief associations list that under “Other Investment Managers.”

## Compliance

Only firefighter relief associations file Investment Business Recipient Disclosure forms with the Commission. The other covered pension plans required to disclose this information under section 356A.06, subdivision 6, file comprehensive annual reports prepared by the pension funds that include the required disclosure in some form or have determined that filing this information with the Commission is unnecessary.

The number of Investment Business Recipient Disclosure forms received by Commission staff from firefighter relief associations varies from year to year, but typically Commission staff receives about 180 forms each year. Because so many forms are submitted and the Commission staff seldom receives requests for the forms, Commission staff does not publish the filed forms on its website. Instead, the website states on the webpage for [“Mandatory Reporting to the LCPR”](#): *“If you would like to receive a copy of a relief association's disclosure form, please contact us at...”*. In the last ten years, the only requests staff have received for a copy of a disclosure form has been from maybe five or six relief associations trying to verify to their auditor that they filed the required disclosure. In the last ten years, no legislator or legislative staff has requested copies of the form, or any information provided on the form for any specific relief association.

The following table provides data on the number of relief associations and the number of disclosure forms actually received by Commission staff. In the last five years, compliance with the reporting requirement has been less than 50 percent.

Year	Total number of relief associations*	Number of relief associations that filed the disclosure form	Percentage of Compliance
2024	479	173	36%
2023	500	177	35%
2022	516	200	39%
2021	527	117	22%
2020	535	237	44%

\* Source: The [Financial and Investment Report of Fire Relief Associations](#) prepared by the Office of the State Auditor (OSA) each year.

### Example of 2025 Reports

Staff randomly selected [seven disclosure forms](#) filed during the first two months of 2025, disclosing information as of the end of 2024, for consideration by the Commission.

### Is the disclosure form fulfilling its intended purpose?

If the purpose of the disclosure is to report on relationships that can create conflict of interest, the information that is required by statute to be disclosed does not provide enough information to assess whether there is any conflict of interest presumably on the part of the relief association fiduciaries in selecting the recipients of investment business. Fiduciaries of a relief association are the members of the board of trustees who decide how to invest the state aid and any municipal contributions paid to the relief association each year. The trustees decide how much to invest in bank CDs, savings or checking accounts or with investment bankers, brokerage organizations, or other investment managers.

There are at least a couple reasons why the disclosure is not fulfilling the presumed purpose:

- The information required to be disclosed will not provide any indication that any trustee has a conflict of interest. A conflict of interest might be detected if the disclosure form required the relief association to provide a list of the names of the trustees and detail regarding the ownership or individuals who profit from business deposited with the banks, investment bankers, brokerage organizations, and other investment managers. If, for example, a trustee or the trustee’s family owns a community bank and the relief association has made a substantial investment in the bank’s certificates of deposit, it might suggest a conflict of interest, but that information is not requested, nor will it ever be disclosed, in response to the investment business recipient disclosure requirement.
- The Commission staff does not review the forms or do anything with them other than scan them to create a digital record, which is saved to a digital folder. The statute requiring the disclosure does not impose any requirements on what any individual or entity should do with the disclosure once it is received or what is the consequence of not filing the disclosure.

Minnesota Statutes, [section 356A.06, subdivisions 2 and 3](#), state:

*Subd. 2. **Diversification.** The investment of plan assets must be diversified to minimize the risk of substantial investment losses unless the circumstances at the time an investment is made clearly indicate that diversification would not be prudent.*

*Subd. 3. **Absence of personal profit.** No fiduciary may personally profit, directly or indirectly, as a result of the investment or management of plan assets. This subdivision, however, does not preclude the receipt by a fiduciary of reasonable compensation, including membership in or the receipt of benefits from a pension plan, for the fiduciary's position with respect to the plan.*

As noted above, the disclosure does not provide enough information to determine whether the trustees have violated subdivision 3.

As for subdivision 2, the forms can indicate a troubling lack of diversification, such as where a relief association has invested all of its assets in bank CDs, checking, and savings accounts. See the [two disclosure forms filed in 2025](#) for relief associations entirely invested in bank CDs, savings, or checking accounts. Even when a violation of subdivision 2 might appear obvious, Commission staff has no mandate to pursue the issue by requesting additional information or take action with regard to a lack of diversification or, in the case of subdivision 3, a potential conflict of interest.

### **Request of Commission staff**

For the reasons set forth above, Commission staff request that the disclosure requirement in section 356A.06, subdivision 5, be repealed. Bill draft LCPR25-030 consists of one section, which repeals Section 356A.06, subdivision 5.

Alternatively, Commission staff request that the disclosure requirement be amended to require disclosure of information that addresses the intended purpose, which should be defined, that the filing be made with a different entity, and that the retirement plans required to file be reviewed and revised. The amendment could also include a provision regarding what should be done if an entity does not comply with the filing requirement or if the disclosure indicates that there may be noncompliance with conflict of interest prohibitions or statutory fiduciary duties.