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BENEFITS NEWS

Benefits that Make a Difference

The Value of Annuities

By Stephanie Sutton

WHAT IS AN INDIVIDUAL ANNUITY?

A single premium annuity is an insurance product that provides periodic payment to a person named as the "annuitant" in exchange for a single premium. There are two types of annuities:

- Immediate annuities - benefits begin one annuity period after the contract's issue date.
- Deferred annuities - benefits begin more than one annuity period after the contract's issue date.

WHAT IS THE ADVANTAGE OF USING A SINGLE PREMIUM ANNUITY OVER DISTRIBUTION FROM THE INVESTMENT FUND?

There are various reasons that make the purchase of single premium annuity preferable to paying benefits from the fund:

- Risk is transferred to the insurance carrier since the carrier assumes the liability associated with how long the annuitant will live.
- The insurance carrier is responsible for maintaining the current address of the participant for benefit payments and tax reporting. This helps eliminate the need for the sponsor to locate terminated volunteers when their benefits are due, which could be years after leaving the emergency service organization.
- Interest rate on the annuity is "locked-in." Premium is determined using a 30-year guaranteed rate of return on the investment.
- The cost to issue monthly benefit checks, administration and annual tax reporting forms are "locked-in." It helps reduce the sponsor's concern over what it would cost to provide these services in the future.
- By transferring both the mortality and investment risk to an outside carrier, participants will not outlive their monthly Service Award benefit.
- It reduces the yearly per-participant administrative fee.

HOW DOES THE ANNUITY PURCHASE PROCESS WORK?

Annuity paperwork is prepared by VFIS and sent to the Plan Sponsor after a participant is terminated and vested or reaches the Plan's Entitlement Date. The paperwork includes a sponsor authorization form that verifies participant benefit information and authorizes VFIS to purchase an annuity using plan assets.

For more information regarding annuities or to discuss other options available for providing entitlement benefits, please contact the VFIS Benefits Division at 800-233-1957.



LOSAPs IN ACTION:



Jersey Shore District's Length of Service Awards Keeps Members Active

For Toms River Township's firefighters, summer is an especially challenging season. On top of the usual calls, the fire companies here also supply water rescue crews specially trained to respond to trouble offshore. Complicating matters, summer is also when the population almost doubles, with visitors flocking to the beaches and rivers. With the cost to outfit a firefighter running around \$3,000 and a tight budget, each fire company in the district is limited to just 60 members, which can seriously stretch their resources during tourist season.

Fortunately, summertime also means the arrival of additional help. District #1 decided several years ago to allow some vacationing firefighters to participate in Toms River. Five part-time seasonal members, who live in other cities but have summer homes at Toms River, supplement the district's team. Bill Golkiewicz of District #1 recalls, "Once we started letting them participate, it was clear we had some great firefighters helping us out with their expertise."

The Toms River firefighters—all volunteer—work side by side with the visiting firefighters, utilizing the 32 pieces of equipment the district owns. Included among the inventory are the usual: heavy rescue trucks, pumpers, aerial ladders, etc. But here they also have a fleet of boats, wave runners, and scuba units. District #1's four fire companies run, in total, 1400 calls a year.

If you visit their website (www.tomsriverfirecompany1.org), you'll appreciate how far this district has come since the first fire company was established there in 1896. Its initial equipment order was simpler: 200 galvanized buckets. The community mobilized after two back-to-back fires at Christmastime. Bucket brigades did what they could, saving the surrounding buildings. But one woman's life was lost, and the citizens decided they needed to organize a fire company. Twenty-five people were selected to serve, and membership dues were set at just 20 cents.

Rewarding Volunteer Service

The changes since then have been significant, not the least of which is a Length of Service Awards Program that rewards volunteers for the years they serve. The issue arose in 1984 when representatives attending an International Association of Fire Chiefs Conference found themselves at the VFIS booth. They invited VFIS to Toms River to talk about the program, and launched a LOSAP that is still thriving on the Jersey Shore today.

"It's a phenomenal program," says Bill Golkiewicz. He says the best part is that the volunteers, "who leave their families at Christmas and other holidays, now receive something at the end of their service. Back in the

day, they just did it and didn't get anything." Now they not only can collect once they're 62, but they also gain recognition for their service. The Toms River policy also allows members to collect even if they continue to volunteer.

A member of Toms River since 1975, Golkiewicz has long served as the plan administrator for LOSAP. "We have waiting lists for people who want to volunteer," he says, "and we always tell them about LOSAP. It helps with attracting members, but even more it helps us retain active members."

Toms River views its LOSAP program through an insurance lens. Golkiewicz explains, "It's not a retirement program, we don't look at it that way. We look at it as 'we bought an insurance policy'." The Toms River LOSAP was written so that the family could receive either the full annuity or the life insurance, whichever is greater. If a member hasn't begun collecting before he or she dies, the lump sum payout helps the family at the time of need.

Everybody Takes Care of Everybody

To promote its "everybody takes care of everybody" code, Toms River created a wellness program. Golkiewicz says he learned the importance of this by attending VFIS seminars. District members are required to have a yearly physical, and the department makes sure they follow up on any medical advice. Since the district has active members in their mid-70s, it's an especially helpful program: four members have achieved the 50-years-of-service rank. There have been no line-of-duty deaths since 1984, but there have been injuries, and the department is proactive. Between the LOSAP and the medical support, Toms River District #1 demonstrates to its volunteers that they matter—and their service is not taken for granted.

Tidal waters within Toms River include the Atlantic Ocean, Barnegat Bay, Silver Bay, Toms River, Winding River, Goose Creek, Kettle Creek, and multiple inland waterways and lakes. ■



Bill Golkiewicz
Toms River Township, District #1
Ocean County, Jersey Shore

After 25 years of dedicated service at Toms River, Business Administrator Bill Golkiewicz retired on 6/30/11. Thank you, Bill, for your above-and-beyond service, and best wishes in your retirement.





AGENT SPOTLIGHT: Linda Flanagan

A Career of *Service and Commitment*

When Linda started writing insurance 30 years ago, she inadvertently began a second career as well — as a volunteer EMT. The day she wrote her first policy for the local rescue squad, they handed her an application for membership. Linda found this to be a great way to learn about the fire and EMS service while being able to give back to her community.

“I was working out of my home at the time, raising my two children and selling insurance part-time. I didn’t know the insurance needs of a rescue squad or fire company,” she said.

After being asked to take a look at their insurance program, Linda began to research various insurance carriers. She found that VFIS focuses exclusively on Emergency Service Organizations, offers tailored coverages and provides excellent support to their clients and agents.

She has since become a life member with Marblatown First Aid Unit. She first acted as a driver; and, later served as a president, fund raiser and eventually as an EMT.

“Our membership was small, so whatever it took, we all chipped in to get the job done,” she said.

Today, Linda, who is based in Kingston, N.Y., represents about 70 fire departments in seven counties but can work statewide. She specializes in emergency service organizations and understands their challenges both as an agent and a responder.

“I live in a very rural area,” she explained, “and I see some departments and communities that struggle financially and some that do not.”

When the Length of Service Awards Program (LOSAP) first became available, she saw that only the wealthier departments were able to put the program in place right away. Other departments were interested in the program for their members, but when they put it out to referendum* to see if the public would support the program, some passed and some did not. Linda said it was understandable.

“The commissioners work hard on their budgets and take their responsibility to the taxpayers seriously. Being sensitive to their community financially, not all of my clients have chosen the maximum plan, but they all strive to offer some kind of benefit for what the volunteers do.”

Encouraging First Responders

Volunteerism is another challenge for the fire departments where Linda serves.

“We are really in the middle of a crisis as far as membership goes,” she said. “It’s down drastically. A lot of people have two jobs and many organizations tug on their time, whether it’s their kids’ soccer team pulling them away from the department, [or other activities]... the difference is, with [the fire service], they’re putting their lives on the line every day. I have tremendous respect for what they do and most of all, what they are willing to do.”

* The referendum process may or may not be applicable in other states.

Manpower is a problem, but Linda says LOSAP can help.

“VFIS’s LOSAP is an excellent tool to help the departments continue to volunteer. It’s important that we do something to keep them going.

What people need to understand is that it is not a give-away program—the responders have to earn it.”

Not only does LOSAP help retain members, it keeps them more active with the department. In New York state, firefighters have to earn at least 50 points to be eligible for the program. But it’s not only about responding to calls. Members also have to continually train, raise funds, attend meetings and drills, and provide community service.

In light of this, Linda feels strongly that emergency responders deserve LOSAPs. Because LOSAPs involve a financial commitment, it is important to structure the program to fit a department’s needs as well as their community’s ability to pay. Assisting the Board with this process is an important part of an agent’s duty. When the agent has stood in the responders’ boots, she readily understands the need and can aid in customizing the program.

Linda is careful that the programs are beneficial to the members.

“LOSAPs are not cheap,” she said. “When I visit [the organizations] at their annual review, I ask them, ‘Is your program working for you?’ All of them say ‘yes.’”

Rewarding Service

Linda said that ESOs don’t think twice about getting up in the middle of the night to help a stranger, because that’s what they’re trained to do.

“Most people don’t realize how many hours of training it takes, which are hours spent away from their families. Nor do they understand the toll that it takes on their bodies as they deal with the physical and emotional stresses of volunteering at their community’s fire department.”

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Linda Flanagan, Quilty, Dwyer & Larkin Insurance Agency, Kingston, New York

What's your Designation?

By Stephanie Sutton

As a client of the Specialty Benefits Division, you may be surprised to learn that there are more than 20 associates committed to serving you. Many of these associates have attained various designations designed to enhance their level of professionalism. These designations include:

- AAM** – Associate in Automation Management (1)
- ACS** – Associate, Customer Service (5)
- AIAA** – Associate, Insurance Agency Administration (1)
- AINS** – Associate in General Insurance (2)
- AIS** – Associate in Insurance Services (4)
- ALMI** – Associate, Life Management Institute (1)
- ChFC** – Chartered Financial Consultant (1)
- CIC** – Certified Insurance Counselor (1)
- CISR** – Certified Insurance Service Representative (5)
- CLU** – Chartered Life Underwriter (1)
- CPIA** – Certified Professional Insurance Agent (1)
- CRM** – Certified Risk Manager (1)
- FLMI** – Fellow, Life Management Institute (2)
- RPA** – Retirement Plans Associate (1)

The numbers in parentheses indicate how many associates in the Specialty Benefits Division hold each designation. It is also noteworthy to mention that all associates of the division are required to maintain the Life, Accident and Health License.

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Because responders deal with anything from medical evacuations in three-foot-high snow drifts to suicides or drownings, they face very real emotional challenges. Linda recalls responding to a serious car accident and recognizing the victim as her daughter's friend from school.

"It's traumatic," she said. "You really don't sleep for days after something like that. It's physically and mentally challenging, but these volunteers are willing to do it."

That's one reason Linda believes the time is ripe for LOSAPs.

"As a volunteer myself I never really looked for anything like this. I did it because helping our community was rewarding enough. But in my career I have issued six line-of-duty death checks. When you do that you realize how important a financial benefit is. When

something like this happens the whole department takes a hit from this shocking experience. The families are devastated with the emotional and financial loss. The fire department always wants to help the family and they feel grateful that they can help out through the LOSAP or other products that are available through VFIS."

A Way to Give Back

No longer active as a responder, Linda said working with ESOs as an agent is one way she can give back.

"I've represented many of my clients for many years and they have grown to trust me. I would never steer them wrong. They've become my friends, and I enjoy helping them. I feel like I'm serving them by working closely with them and offering them the guidance they need regarding these types of programs and policies."

As she visits fire departments, Linda finds that VFIS is a very well-respected name.

“VFIS has the highest integrity of any company I've ever worked for. They stand behind their name, their product, and behind me. They have never, ever let me or my clients down.”

“VFIS has the highest integrity of any company I've ever worked for. They stand behind their name, their product, and behind me. They have never, ever let me or my clients down,” she said. “Once we get the plan in effect, the commissioners of each district feel at ease that VFIS is taking care of their needs. They rest assured that the work is being done and that everything is being processed. There are a few other companies selling in the same product, but VFIS is a national insurance company. The thing is, with LOSAP you're in it for the long haul. Why wouldn't you pick a national well known entity to handle such an important long-term investment? You know VFIS is going to be there.” ■

“But in my career I have issued six line-of-duty death checks. When you do that you realize how important a financial benefit is.”



COMBINED INSURANCE

By Joan Feiser and Carissa Rossum

With \$100 borrowed and a firm vision, Combined Insurance was founded in 1922



by W. Clement Stone. Eighty-nine years later, Combined Insurance is a leading provider of individual supplemental

COMBINED INSURANCE

insurance products with an international presence throughout the U.S., Canada, Europe and the Asian-Pacific.

Providing financial assistance to customers and their families in the event of an unforeseen illness or accident, Combined Insurance offers protection-oriented products that include Universal Life, Whole Life, Term Life, Disability Income, Cancer/Critical Conditions, Accidental Death and Dismemberment, Supplemental Accident and Supplemental Sickness.

Combined Insurance was recognized as a leading provider of supplemental insurance in Ward's 50 Top Performing Insurance Companies for 2010. The Ward Group is the insurance industry leader for benchmarking and best practice identification. Combined Insurance is rated A (Excellent) by A.M. Best for its financial strength and is also a part of The ACE Group of Companies.

VFIS began its partnership with Combined Insurance in January 2009 by virtue of incorporating a Combined Insurance Universal Life product as part of the VFIS Length of Service Awards Program. As the partnership continues to evolve, the companies work diligently with one another to tailor processes and forms and better service the needs of the Emergency Service Organizations they serve. ■



Lockbox Implementation

By Tanya Ferguson, Department Manager

In our continued effort to improve efficiencies and offer better service to you, our valued customers, VFIS Specialty Benefits has now implemented the use of a lockbox for processing receipt of client payments. This allows us to receive and process all cash receipts more quickly and efficiently.



Please pay close attention to the address printed on all future invoices you receive from Specialty Benefits, as they will instruct you to remit payment to our new lockbox address. The address that is printed on our invoice is unique in that it will be used for the sole purpose of submitting payments for products of the Specialty Benefits Division of VFIS. As always, we will continue to provide you with a pre-printed envelope for the purpose of mailing payments. The return envelopes have the new lockbox information on them and therefore should only be used for the purpose of mailing payments. Please do not send non-payment related items to the lockbox, as it will cause a delay in responding to or processing your information.

It is important to mention that other areas of VFIS have their own unique lockbox addresses. As a result, please be careful to use the correct lockbox address when remitting payments to ensure that your payments are processed in a timely manner.

As we implement the use of the lockbox, please continue to send all non-payment related items and correspondence to the York, PA address.* This will ensure a timely response to items that are not relative to payments of premium or investment deposit. We sincerely appreciate your cooperation. ■

* VFIS Benefits Division, P.O. Box 2726, York, PA 17405-9945

Changing to Better Serve You

By Tanya Ferguson, Department Manager

Specialty Benefits recently licensed a new recordkeeping system from Sungard® Systems, Inc. With the acquisition of this new system, many exciting enhancements to our service delivery will become a reality.



As we initially integrate the new system into production, you may notice subtle changes to the reports and information that we provide. When we begin to utilize additional features that the new system has to offer, our focus will shift to a more streamlined approach to exchange data and information with you.

One of the most useful features will be the electronic exchange of annual census (roster) information with our clients. Communicating in this manner will eliminate the necessity of completing a paper form and mailing it back to us. Be on the lookout for future articles and other communication pieces from us that will provide exciting updates regarding implementation of service delivery enhancements. ■

Accelerated Death Benefit for Terminal Illness

By Tina Carpenter and Bobbi Jo Hollingshead

Unforeseen expenses can arise suddenly in the event that a person is diagnosed with a terminal illness. During such difficult times, it is comforting to know that additional resources may be available. The VFIS Group Term life policy contains a Terminal Illness Accelerated Death Benefit Option. This provides the insured with the option of receiving a portion of the Death Benefit prior to death. To exercise this option, the insured must be diagnosed with a terminal illness on or after the effective date of the policy. Terminal illness refers to a condition that, in the best medical judgment of a doctor, will result in death within 12 months.

For more information regarding this important feature of your VFIS Group Term policy, please contact your agent or Tina Carpenter at 800-233-1957. ■



Not All Points Systems *Are Created Equal*

By Kathreen Sibol, Assistant Manager

Various design elements can affect the success of a Length of Service Awards Program. Benefit specifications provided by the Program for death, disability and entitlement awards are important design areas. Equally important is designing the qualifying types and amount of activity required to earn entitlement benefits and retain participant status in the Plan, which is commonly referred to as the Point System.

A well-structured Point System includes categories of activity desired by the Plan Sponsor. Additionally, the level of activity required within a category can be tailored to the specific needs of the Emergency Service Organization. For example: If there is poor attendance at drills, education or fund raising events, higher point accrual could be given for attendance in these categories. If fire calls are well attended, then possibly a lower point accrual would be assigned for that activity.

Establish a Point System with reasonable expectations so active volunteers can attain the number of points required to earn a Year of Service. Finding a balance for the Point System to not be too lenient nor severe can help make it an essential management tool.

Post the Point System in a gathering spot with good visibility. This can help make volunteers aware of the various ways they can earn points, while maintaining awareness of the Program. Posting a monthly tally of points earned to date is beneficial for members to monitor their status. It may even create a good-natured spirit of competition and camaraderie.

It is extremely important to establish record keeping procedures with authorized oversight in order to avoid potential discriminatory practices.

Point Systems can be amended after a Length of Service Awards Program is implemented as the Plan Sponsor's service needs or focus changes. While most states do not legislate Length of Service Awards Program rules and regulations, some do. In particular, the state of New York has a well-defined activity menu to select from when designing a Point System. The New York Point System defines point maximums / limits that may be earned from each of the following categories:

- **Training courses**
- **Drills**
- **Sleep-in or stand-by**
- **Elected or appointed positions**
- **Attendance at meetings**
- **Participation in department responses**
- **Miscellaneous activities**
- **Line of duty disability**
- **Teaching fire prevention classes**
- **Military leave**

If you are a LOSAP Sponsor in a state other than New York, the New York Point System could be used as a reference tool to design or structure your Point System. Find this information at <http://public.leginfo.state.ny.us/menuf.cgi> and search Laws of New York, GMU General Municipal Law, Article 11-A, Section 217. If you are a New York LOSAP Sponsor there are various Opinions issued by the Comptroller's Office to provide guidance as to interpretation and usage of Point System parameters and service credit. These Opinions include, but are not restricted to, Opinion Numbers 2001-2, 2000-18, 97-13, 95-9, 94-32, 94-25 and 93-16, and can be researched at www.osc.state.ny.us. For additional information or sample Point Systems, please contact your VFIS pension administrator by calling 800-233-1957. ■