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**New York LOSAP Seminar**

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# LOSAP NEWS

Length of Service Awards Program

## What's New in General Municipal Law Article 11-A?

As many of you are aware, legislation was enacted in 2003 allowing accrual of LOSAP years of service after reaching entitlement age and receiving your monthly benefits. There has been quite a bit of activity in New York regarding post-entitlement accruals, including Equal Employment Opportunity Commission complaints and private litigation.

In 2004, the law governing volunteer firefighter service awards was amended to increase the maximum award per year of service to \$30 and requiring proper notification to the state regarding establishment of a LOSAP or existing programs.

In 2006, there were several amendments to Article 11-A. They include:

- Authorization for the creation of an optional, state-administered volunteer firefighter service award program.

- Permission for the State Comptroller to collect and publish information on the office website regarding vendors of service award programs for volunteer firefighters.
- A requirement that program sponsors obtain annual audits of the program through an independent certified public accountant.

VFIS will sponsor seminars for our clients and agents throughout the state to discuss these legislative changes. Look for a mailing with locations and dates in the near future. If you have questions prior to the seminars or, if you are unable to attend, contact your VFIS pension administrator. Ultimately, we recommend you seek the advice of your legal counsel to interpret these laws and for advice on how they may apply to your program.



## Prudent LOSAP Investment: It's the Law

*When considering the most appropriate investment choice for your length of service awards program, you may ask, "Why use a group annuity rather than other types of fixed investments?"* There are a variety of reasons that ensure confidence in the group annuity approach.

Many investment products apply penalties or fees when withdrawing funds. Of course, fund withdrawal is necessary to issue the payment of LOSAP death, disability, or entitlement benefits. With those types of investments, a portion of the plan's investment funds would have to be held in a low-interest-bearing account (such as a money market) to accommodate liquidity.

Not so with The Hartford group annuity contract. All plan assets reside in an account with an average annualized net return of approximately 6% since 1990. Due to the liquid nature of your Hartford group annuity contract, fund withdrawals are available without penalty or charge to provide:

- Death Benefits
- Disability Benefits
- Entitlement Benefits



Deposits may be made at any time that suits your cash flow constraints. The group annuity contract provides an aggregate rate of return rather than one that fluctuates as sharply as other types of fixed investments, such as CDs or bonds. The group annuity contract pools funds invested for all VFIS Length of Service Awards Program customers along with billions of dollars in The Hartford's general account. With this size investment pool, depth and diversification in conservative investments is possible. From contract inception forward, an average rate of return is provided with a guaranteed minimum. Alternative investments may be subject to the fixed rate available at the time of investment, the downside risk of variable products, and the possibility of no minimum guarantee.

Using other investments such as CDs or bonds pose increased fiduciary liability. The sponsor would be accountable for authorizing investment strategies that would be ultimately responsible for growing funds sufficient to deliver the promised plan benefits.

Administrative fees to cover this kind of active investment strategy could increase plan costs substantially. The rate earned on your group annuity contract is a net return with no additional fees, loads, penalties, or charges of any sort.

*After extensive research, VFIS has designed our program using a group annuity contract, because of its flexibility, security, and cost-effectiveness, as a prudent investment vehicle for the Length of Service Awards Program.*





## Solid Foundation to Support Your LOSAP

**V**FIS provides our clients with the foundation necessary to build a successful Length of Service Awards Program (LOSAP) by partnering with independent agents. VFIS recognizes the value of local agent representation as a cornerstone in helping to provide a level of service beyond what could otherwise be delivered. The personal relationship between the agent and the emergency service organization is especially important to ensuring good communication.

The next building level for our foundation is a team of dedicated personnel at the VFIS Benefits Division. The Benefits Division was established in the early 1980s to research and design a new concept called a Length of Service Awards Program. We continue to research and analyze state law and Federal tax and labor issues as they apply to this unique program. Over the last few decades, we have grown to a team of 19 highly trained administrative technicians servicing close to 600 LOSAPs in 33 states. Of course, New York is our favorite!

The final level allows for growth that is, room for improvement. Service is our highest priority, and we are always looking for better ways to meet our clients' needs. Each program is assigned a Pension Administrator dedicated to assisting in every aspect of daily LOSAP administration. This approach enables the Pension Administrator to have detailed, plan-specific knowledge and experience. In 1998, we recognized the need for a traveling representative to help with some of the more complicated issues. The traveling representative is available to meet with sponsors and members to review, explain, and discuss your program. There is no fee for this service, and it has proven to be a valuable resource for many sponsors.



*Front Row: Darlene Bilbie, Brady Sweitzer, Kim Mummert, Jaime Peters, Bonnie Semerad, Lorie Arnold, Tina Carpenter.  
Back Row (Standing): Craig Lomicky, Kathy Sibol, Lisa Quigley, Bobbi Jo Hollingshead, Deb Shushereba, Kristen Guerrini, Megan Moritz, Sandy Quigley, Joan Feiser, Melissa Lee, Jeff Moore, and Debbie Fetrow.*

*Other ways we are reaching out to improve our service to you, our valued customers, are:*

- State-wide seminars (similar to those we held in 2005) to apprise you of recent legislative changes that impact LOSAPs. You will receive a mailing with dates and locations.
- A semi-annual newsletter, this being the first. We will keep you up-to-date on legislative changes and provide articles to explain products and how to administer LOSAPs.

*Dedicated to your benefit,*

*Kathreen M. Sibol, ACS, FLMI*

*Assistant Manager/Technical Specialist, VFIS Benefits Division*

# New York LOSAP Seminar



## Topics to be discussed:

- Recent changes to General Municipal Law Article 11-A
  - Post entitlement benefit accrual
  - \$30 maximum benefit
  - Annual audit
  - Comptroller website

### Registration

Name \_\_\_\_\_

Title \_\_\_\_\_

Company \_\_\_\_\_

Phone \_\_\_\_\_

E-mail Address \_\_\_\_\_

R.S.V.P. to VFIS Sales Support Department

Fax: 717-747-7028

E-mail: [kcarbaugh@vfis.com](mailto:kcarbaugh@vfis.com)

Wednesday, Sept. 19, 2007, 7 p.m.  
Harris Hill Vol. Fire Co., Williamsville

Wednesday, Sept. 26, 2007, 3 p.m.  
Holiday Inn, Ronkonkoma

Wednesday, Sept. 26, 2007, 7 p.m.  
North Bellmore Fire Dist., N. Bellmore

Thursday, Sept. 27, 2007, 7 p.m.  
Pleasantville Fire Dist., Pleasantville

Thursday, Oct. 11, 2007, 7 p.m.  
East Greenbush Fire Dept., Rensselaer

Wednesday, Oct. 17, 2007, 7 p.m.  
West Hurley Fire District, West Hurley

This invitation is extended to all VFIS LOSAP brokers and sponsors.

An e-mail confirmation will be sent to all registered participants  
along with the address of the respective location.

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