

**For use only in connection with DEFINED BENEFIT volunteer
firefighter service award programs**

The (Fire District/ Town/ Village/ City) financial statements are for the year ended _____. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on [insert date], which is the most recent plan year for which complete information is available.

Length of Service Awards Program - LOSAP

The (Fire District/ Town/ Village/ City) established a defined benefit LOSAP for the active volunteer firefighters of the (insert name of fire department, fire company or fire companies). The program took effect on (insert effective date). The program was established pursuant to Article 11-A of the General Municipal Law. The program provides municipally-funded pension-like benefits to facilitate the recruitment and retention of active volunteer firefighters. The (Fire District/ Town/ Village/ City) is the sponsor of the program.

Program Description

Participation, vesting and service credit

Active volunteer firefighters who have reached the age of ___ and who have completed ___ years of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with ___ years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age _____. In general, an active volunteer firefighter is credited with a year of firefighting service for each calendar year after the establishment of the program in which he or she accumulates fifty points. Points are granted for the performance of certain activities in accordance with a system established by the sponsor on the basis of a statutory list of activities and point values. A participant may also receive credit for ___ years of firefighting service rendered prior to the establishment of the program.

Benefits

A participant's benefit under the program is the actuarial equivalent of a monthly payment for life equal to \$___ multiplied by the person's total number of years of firefighting service. The number of years of firefighting service used to compute the benefit cannot exceed forty. [Benefits are not payable until _____. On and after that date,] [E]xcept in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandated death and disability benefits. [The program also provides optional line-of-duty disability benefits in the amount of \$_____, and optional line-of-duty death benefits in the amount of \$_____].

Fiduciary Investment and Control

Service credit is determined by the governing board of the sponsor, based on information certified to the governing board by each fire company having members who participate in the program. Each fire company must maintain all required records on forms prescribed by the governing board.

The governing board of the sponsor has retained and designated [insert name of 3rd party program administrator] to assist in the administration of the program. The designated program

administrator's functions include [list functions performed by designated program administrator]. Disbursements of program assets for the payment of benefits or administrative expenses must be approved [explain process for approving disbursements].

Program assets are required to be held in trust by LOSAP legislation, for the exclusive purpose of providing benefits to participants and their beneficiaries or for the purpose of defraying the reasonable expenses of the operation and administration of the program. [The trust agreement is dated _____, and the trustee is _____.] [Program assets are not held in trust.]

Authority to invest program assets is vested in _____. Subject to restrictions in the program document, program assets are invested in accordance with a statutory "prudent person" rule. [The program document . . . (explain investment restrictions).]

The sponsor is required to retain an actuary to determine the amount of the sponsor's contributions to the plan. The actuary retained by the sponsor for this purpose is [insert name of actuary]. Portions of the following information are derived from a report prepared by the actuary dated [insert date].

Program Financial Condition

Assets and Liabilities

Actuarial Present Value of Benefits at [insert date] \$ _____

Less: Assets Available for Benefits

	<u>% of total</u>	
Common Stock	_____ %	\$ _____
Government Securities	_____	_____
Corporate Bonds	_____	_____
Insurance Contracts	_____	_____
Certificates of Deposit	_____	_____
_____	_____	_____

Less: Liabilities (_____)

Total Net Assets Available for Benefits _____

Total Unfunded Benefits _____

Less: Unfunded Liability for Prior Service (_____)

Unfunded Normal benefits \$ _____

Prior Service Costs

Prior service costs [have been] [are being] amortized over ___ years at a discount rate of ___%.

Receipts and Disbursements

Plan Net Assets, beginning of year \$ _____

Changes during the year:

- + Plan contributions _____
- + Investment income earned _____
- +/- Changes in fair market value of investments _____
- Plan Benefit Withdrawals _____
- Administrative and Other Fees/Charges _____

Plan Net Assets, end of year \$ _____

Contributions

Amount of sponsor's contribution recommended by actuary: \$ _____

Amount of sponsor's actual contribution: \$ _____

Administration Fees

Fees paid to designated program administrator: \$ _____

Fees paid to trustee: \$ _____

Fees paid for investment management (if separate from fee paid to trustee): \$ _____

Fee paid to actuary: \$ _____

Other administration fees [list] \$ _____

Funding Methodology and Actuarial Assumptions

Normal Costs

The actuarial valuation methodology used by the actuary to determine the sponsor's contribution is [insert name of valuation methodology]. The assumptions used by the actuary to determine the sponsor's contribution and the actuarial present value of benefits are:

Assumed rate of return on investment _____

Mortality Tables used for

- Withdrawal _____
- Disability _____
- Retirement _____
- Death (Actives) _____
- Death (Inactives) _____

Other _____