

**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 Actuarial Valuation. However, the information contained in this note is based on information for the Length of Service Awards Program for the plan year ending on Actuarial Valuation, 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 Actuarial Valuation. 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 Adoption Agreement and who have completed Adoption Agreement years of firefighting service are eligible to participate in the program. Participants acquire a nonforfeitable right to a service award after being credited with Adoption Agreement years of firefighting service or upon attaining the program's entitlement age. The program's entitlement age is age Adoption Agreement. 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 Adoption Agreement 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 \$Adoption Agreement 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. Except 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.

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 VFIS to assist in the administration of the program. The designated program administrator's functions include [list functions performed by designated program administrator]. Service Fee Agreement Disbursements of program assets for the payment of benefits or administrative expenses must be approved [explain process for approving disbursements]. See suggested language attached as Addendum #1

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. Program assets are held in compliance with GML Article 11-A 217(j).

Authority to invest program assets is vested in the Hartford Life Insurance Company. 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).] Group Annuity Contract (and Equity Indexed Annuity provisions if applicable)

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 Gerald R. Shea, Pencert, Ltd. Portions of the following information are derived from a report prepared by the actuary dated [insert date]. Actuarial Valuation

Program Financial Condition

Assets and Liabilities

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

Less: Assets Available for Benefits

	<u>% of total</u>	
Common Stock	_N/A_ %	\$ _____
Government Securities	_N/A_	_____
Corporate Bonds	_N/A_	_____
Insurance Contracts	_100_	_____ <u>Actuarial Valuation</u>
Certificates of Deposit	_N/A_	_____
_____	_____	_____

Less: Liabilities _____ Actuarial Valuation

Total Net Assets Available for Benefits _____

Total Unfunded Benefits _____

Less: Unfunded Liability for Prior Service _____ Actuarial Valuation

Less: Unfunded Liability for Retrospective Post Entitlement Benefits (if applicable) _____ Actuarial Valuation

Unfunded Normal benefits \$ _____

Prior Service Costs

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

Receipts and Disbursements

Plan Net Assets, beginning of year \$ _____ **Actuarial Valuation**

Changes during the year:

+ Plan contributions	_____	Actuarial Valuation
+ Life Insurance Policy Proceeds (Death Claim)	_____	Actuarial Valuation
+ Investment income earned	_____	Actuarial Valuation
+ Cash Value – Surrendered Life Policies	_____	Actuarial Valuation
- Plan Benefit Withdrawals	_____	Actuarial Valuation
- Administrative and Other Fees/Charges	_____	Actuarial Valuation
- Life Insurance Premium	_____	Actuarial Valuation

Plan Net Assets, end of year \$ _____ **Actuarial Valuation**

Contributions

Amount of sponsor’s contribution recommended by actuary: \$ _____ **Actuarial Valuation**

Amount of sponsor’s actual contribution: \$ _____ **Actuarial Valuation**

Administration Fees

Fees paid to designated program administrator: \$ _____

Actuarial Valuation

Fees paid to trustee: \$ N/A

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

Fee paid to actuary: \$ N/A

Other administration fees [list] \$ N/A

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 _____ **Actuarial Valuation**

Mortality Tables used for		
Pre-Retirement	_____	Actuarial Valuation
Post-Retirement	_____	Actuarial Valuation
Death (Actives)	_____	Actuarial Valuation

NY LOSAP – VFIS Defined Benefits Model Notes Addendum #1

Disbursements of program assets for the payment of benefits or administrative expenses must be approved. The following is an explanation of process for approving disbursements:

Payment of Benefits:

1. Entitlement Benefits – VFIS prepares and submits to the Plan Administrator (Sponsor) a Verification of Benefits statement and an Annuity Enrollment form for participants active at entitlement age and for vested participants upon termination from the Plan. Following review for accuracy, the Plan Administrator signs and returns the paperwork to VFIS authorizing VFIS to disburse entitlement benefits.
2. Death Benefits – Upon notification from the Plan Administrator (Sponsor) of a participant death, VFIS prepares a Verification of Benefits statement and a Lump Sum Death Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork accompanied by a death certificate to VFIS authorizing VFIS to disburse a death benefit.
3. Disability Benefits – Upon notification from the Plan Administrator (Sponsor) of a participant total and permanent disability, VFIS prepares a Verification of Benefits Statement, a Physician Statement form, and a Lump Sum Disability Benefit form. Following review for accuracy, the Plan Administrator signs and returns the paperwork authorizing VFIS to disburse a disability benefit.

Payment of Administrative Expenses:

1. Per the executed Service Fee Agreement, the Plan Administrator (Sponsor) agrees to payment as contracted.