

TOWN OF HAGUE

HAGUE VOLUNTEER FIRE DEPARTMENT

LENGTH OF SERVICE AWARD PROGRAM PROPOSAL

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firefly
ADMIN INC

TERMINOLOGY

Town is the governing municipality & taxing authority

Fire Department is the non-profit organization that provides fire protection services

Statute or **Law** is the New York State General Municipal Law, Article 11-A

Code is the Internal Revenue Code, Section 457 e(11)

LOSAP stands for Length Of Service Award Program

TPA is the Third-Party ADMINISTRATOR

OSC is the New York Office of the State Comptroller

LOSAP BASICS

Deferred compensation for volunteer emergency service workers

The Town is authorized to establish a LOSAP under the Statute

Locally-administered and operated

Funds held in Trust - these are Town assets

Oversight by the OSC

Not a pension or qualified plan (benefits not eligible for rollover)

Not part of the State Retirement System

WHY PROVIDE LOSAP?

- + Help recruit, retain, and incentivize volunteers
- + Only way a municipality can “pay” its volunteers in NYS
- + Recognition for long-standing service with the fire department

The Point System is modeled to reward volunteers for participating in all activities and going above-and-beyond the minimum requirements of active membership.

Benefits are only earned ***if*** a member accrues 50+ points in a year

HOW BENEFITS ARE EARNED

Active members must earn **50 points** under the Point System to get service credit. Several activity categories:

- Department Responses
- Training Courses
- Drills
- Stand-by
- Department Meetings
- Being an Officer
- Misc. (Fundraisers, Parades, etc.)
- Teaching Fire Prevention Classes

Administered by Fire Department

Approved by the Town Board

PLAN DESIGN

Defined Benefit (DB) plan, similar in design to a traditional pension.

Prospective program start date: **1/1/2027**

Starting in calendar year **2027** members can earn points towards benefits.

Starting in calendar year **2028** members can start to be paid earned benefits.

Participants earn a **\$20 monthly benefit** for each year of service credit (50 points).

Volunteers can earn up to **5 years of prior service credit (CY 2022-2026)**.

PLAN DESIGN (CONTINUED)

The Service Award is a **lifetime monthly benefit**, guaranteed for the first **10 years**.

If a participant dies before collecting the benefit for 10 years, the payments continue to a beneficiary for the remainder of the guaranteed period.

A participant becomes **entitled** to payment of their Service Award at **age 55**.

Maximum years of service credit is **50 years** (including prior service).

5-year vesting requirement (or if active upon reaching EA, death, or disability).

Forfeiture occurs when a non-vested participant ceases to be an active member.

Reinstatement occurs **if** you return as an active member within **5**

TOWN RESPONSIBILITIES

- Sponsor & Administrator (as set forth in the Law)
- Recordkeeping - manage historical records, program forms, plan documents
- Board oversight
- Manage vendors under contract: actuary, third-party admin, investment, auditor
- Set policy - Plan Document, Trust Document, Point System, Investment Policy
- File annual audit footnote with NYS OSC (done by auditor)

FIRE DEPARTMENT RESPONSIBILITIES

Documentation is key!

- Call / activity sheets
- Tracking & reporting Points earned
- Prepare annual point listing to the Board
- Onboarding new members
- Maintain contact with members and former members

PROGRAM MAINTENANCE

Record retention:

- Certified point listings
- Annual Reports
- Investment Statements
- Completed forms

Annual audit footnote gets filed with the NYS OSC (done by auditors).

Member info: address changes, name changes, beneficiaries, direct deposit, etc.

Roster updates: changes in membership status, new members, deaths

ESTABLISHMENT PROCESS

LOSAP committee (town & fire dept. officials) have discussed proposals and cost estimates.

Firefly was selected as TPA & Actuary for plan establishment.

Firefly discussed options with the committee and overall plan design.

Board will review and adopt a resolution stating the LOSAP provisions and referendum language.

Program proposition is contingent on voter approval.

PROGRAM COST

Based on the fire department active member roster, the proposed LOSAP is estimated to cost \$55,000 annually (for the first 10 years).

This includes an amortization of the Prior Service Liability. Contribution is expected to decrease by \$17,000 after PSL is fully funded (after ~10 years).

Actual contribution requirements will be determined by the program Actuary (Firefly) and may vary based on actual participation rates.

Admin and actuarial costs are estimated to be

PROGRAM COST (CONTINUED)

Total estimated Program Cost = \$62,000

Based on current assessed valuation, LOSAP will impact tax rates:

-Raise the Fire tax about 20%

-From 31.5 cents per 1,000 assessed to 37.8 cents per 1,000

Examples:

HOME ASSESSMENT	INCREASE IN ANNUAL TAX
\$200,000	\$13
\$400,000	\$25
\$1,000,000	\$63

QUESTION & ANSWER



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