LOSAP DC Note

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For use only in connection with DEFINED CONTRIBUTION 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 contribution 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

<u>Participation, vesting and service credit</u>

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.

<u>Benefits</u>

A participant's benefit under the program is the amount resulting from the contributions made by the sponsor on behalf of the participant, plus interest and/or other earnings resulting from the investment of the contributions, less necessary administrative costs, forfeitures and losses resulting from the investment of contributions. Contributions in the amount of $_______ are made on behalf of each participant who is credited with a year of firefighting service. The maximum number of years of firefighting service for which a participant may receive a contribution is forty years. Except in the case of disability or death, benefits are payable when a participant reaches entitlement age. The program provides statutorily mandatory disability and death 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 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 _______________. [Program assets are invested in accordance with a statutory “prudent person” rule.] [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).]

Program Financial Condition

Assets and Liabilities

Assets Available for Benefits

	% of total	
Common Stock	_________%	$__________
Government Securities	_________	__________
Corporate Bonds	_________	__________
Insurance Contracts	_________	__________
Certificates of Deposit	_________	__________
___________________	_________	__________
Less: Liabilities		(__________)

Total Net Assets Available for Benefits $__________

Unfunded Liability for Prior Service $___________

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	___________	
(+/minus) Changes in fair market value of investments	___________	
(minus) Plan Benefit Withdrawals	___________	
(minus) Administrative and Other Fees/Charges	___________	
Plan Net Assets, end of year		$ ___________

Contributions

Amount of sponsor's required contribution: $ ___________
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 (if any): $ ___________
Other administration fees [list] $ ___________