



Welcome to the NVFC's
Webinar Series.

Today's webinar is "LOSAP and the
Volunteer Emergency Services
Recruitment and Retention Act."

LOSAP and the Volunteer Emergency Services Recruitment and Retention Act



The National Volunteer Fire Council (NVFC) is the leading nonprofit membership association representing the interests of the volunteer fire, EMS, and rescue services. The NVFC serves as the voice of the volunteer in the national arena and provides invaluable resources, programs, education, and advocacy for first responders across the nation.

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Webinar Presenters

- Dave Finger, NVFC Chief of Legislative and Regulatory Affairs
- Keith Brandstedter, VFIS/Glatfelter Specialty Benefits
- Edward J. Holohan, ASA, Penflex, Inc.
- Bruce Linger, CFP, CRPC, CCFS, Lincoln Financial Advisors

Keith Brandstedter



- President of Glatfelter Specialty Benefits
- Founded in 1969
 - Over 50 years of experience with Emergency Service Organizations
- Specializing exclusively in servicing Emergency Service Organizations
- Over 15,000 Emergency Service Organization Clients
- Administering Length of Service Award Programs since 1980
 - Over 550 plans in 33 states
 - \$320,000,000 in assets under management
 - Defined Benefit
 - Defined Contribution
- Experienced team of 22 associates
- Contact: kbrandstedter@glatfelters.com



Ed Holohan

PENFLEX, INC.

SERVICE AWARD PROGRAM SPECIALISTS

50 Century Hill Dr., Suite 3 • Latham, NY 12110

- Senior Actuary with Penflex, Inc.
- Penflex, Inc. provides administrative, actuarial, and consulting services exclusively for LOSAP
- Contact:
eholohan@penflexinc.com



Bruce Linger CFP, CRPC, CCFS



- Lincoln Financial Group
- Lincoln Financial Group has 23,317 plans with \$74.0 billion in assets under management
- Lincoln has been a proven provider of retirement solutions for nearly 70 years
- Contact:
Bruce.Linger@LFG.com



Webinar Overview

- What is LOSAP and how does it help with volunteer retention and recruitment?
- What is the Volunteer Emergency Services Recruitment and Retention Act (VESRRA), and how will it make LOSAP a more effective tool?
- How can we build support for VESRRA?

What is LOSAP?

- A length of service award program (LOSAP) is a benefit resembling a retirement plan for volunteer emergency services personnel.
- Per a 2002 study, LOSAP exists in 5,222 fire departments across 27 states.
- LOSAP can be structured as a defined benefit (DB) or defined contribution (DC) plan



DB vs. DC plans

- A DB plan defines the level of benefit owed to the recipient. Similar to a pension.
- A DC plan defines the level of contribution that is made. Similar to a 401(k)/403(b).
- Trend towards DC plans but there are still a lot of DB LOSAPs.
- The goal of LOSAP, whether DB or DC, is to incentivize volunteering.

What is the goal of LOSAP?

- LOSAP is a retention benefit for volunteer emergency services personnel
- The idea is to give volunteers a financial incentive to remain active members
- Some advantages of LOSAP compared with other volunteer financial incentives:
 - Only active, long-serving volunteers qualify
 - LOSAP doesn't create employer/employee definitional issues
 - Some state governments contribute to LOSAPs

LOSAP limitations

- LOSAP is not a cure-all for volunteer retention issues
- Volunteers don't receive compensation immediately
- LOSAP's status in the federal tax code is less well-defined than employee retirement plans

What is the problem with the tax status of LOSAP?

- LOSAP is defined as a benefit for volunteer emergency responders that is NOT deferred compensation and therefore NOT a “deferred compensation plan” under federal tax law
- Deferred comp plans are employee retirement plans. Employers make contributions that are not taxed until the employee retires and draws on the benefit.

What does VESRRA do?

- Clarifies the federal tax status of LOSAP by letting plan sponsors elect to have their LOSAP be treated as an eligible deferred compensation plan
- Exempts privately-sponsored deferred comp LOSAPs from being subject to ERISA reporting requirements

Advantages of being treated as an eligible deferred comp plan

- Deferred comp plan funds are secure
- Deferred comp plans are more straightforward to fund
- The rules for administering deferred comp plans are well-defined
- Benefits are portable

Advantages of funds portability

- Allows volunteers to roll funds from a LOSAP into a different retirement account
- Volunteers no longer have to take payment when they terminate service
- Departments no longer have to keep volunteers who have left the department on their books until retirement age



How does VESRRA help the volunteer emergency services?

- Eliminates confusion and inconsistencies in LOSAP administration
- Easier to manage staff turnover
- Better for the volunteers



Where does VESRRA stand in Congress?

- VESRRA (S. 2214/H.R. 4036) was introduced in July by Senators Susan Collins and Ben Cardin and Representatives Peter King and Bill Pascrell
- Use the NVFC's legislative action center to ask your Representative and Senators to cosponsor VESRRA:

<http://cqrcengage.com/nvfc/actioncenter?3>

Questions? Contact Us!

NVFC

Name: Dave Finger

Email: Dave@nvfc.org

Web: www.nvfc.org

Phone: 202-887-5700

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Thank you!