

Iowa Firefighters Association Length of Service Awards Program (LOSAP)

The Iowa Firefighters Association has recently unveiled its new LOSAP. Following are some questions and answers that relate to the program. Should you be interested in speaking with someone about this program for your department, you can contact David M. Rogers with RBC Dain Rauscher at (866) 465-1573.

What is the IFA LOSAP?

IFA is providing a Length of Service Award Program (LOSAP), which is an inexpensive, simple and flexible prototype plan similar to a defined contribution retirement plan that a local Fire Department could opt into. It offers flexibility in funding amounts and funding sources as well as flexibility to choose specific plan provisions such as vesting, retirement age, etc.

Why an IFA LOSAP?

The volunteer fire service is a long standing tradition in the United States in danger of weakening and perhaps eventually dying out. Yet volunteers provide a very cost effective solution for emergency response for taxpayers in the State of Iowa. Incentive programs, such as LOSAP, are necessary to help recruit and retain volunteers.

How does a Service Award Program Work?

Volunteers earn retirement benefits by performing activities such as attending drills and training sessions and responding to emergency calls. In many LOSAP's, each activity is assigned a certain number of points. Upon accumulating a specific number of points each year, an amount of money, determined by the Department, is deposited into the firefighters Service Award Plan account. The IFA plan allows each participating Department to determine activity criteria and contribution amounts.

What will the benefits be to a firefighter?

Payouts will depend on a number of different factors. It is generally hoped that a generous lump sum will be available to active firefighters at retirement. On the date you are eligible to receive a Service Award payout, the firefighter would be paid a lump sum equal to the amount in his/her account. The payout balance will depend on the amount contributed over the years, investment returns, forfeitures of non-vested participant balances to active firefighters and many more factors.

How is the program funded?

The program can be funded by local taxpayers who wish to provide an incentive to their local volunteers to stay active in emergency response. It is intended that other sources of funding be found in the future such as State matching funds, federal funds, SAFER grants and any other source that may become available to support volunteers. Meanwhile, more and more tools have become available to help volunteers with funding issues.

Who is eligible to participate?

Active volunteer firefighters age 18 or older. Volunteer must be a member of the IFA and a member of an adopting fire company.

What is the required contribution?

Firefighters do not contribute to this plan. The Department will make a payment to each firefighters account, providing they accumulate the required number of points, once a year based on whatever contribution amount the Department determines. The plan allows for any funding level from any funding source with a minimum contribution of \$300 per active firefighter.

How does the contribution get divided between our active firefighters?

You may choose between one of two options:

1. Divide the contribution equally between all active firefighters.
2. Divide the contribution to reward more senior members in the Dept. as follows:

1-5 years = Base Amount

6-10 years = 1.5 times Base Amount

11+ years = 2 times Base Amount

What is the vesting schedule?

33 1/3% after 3 years of service credit

66 2/3% after 7 years of service credit

100% after 10 years of service credit

When can I get paid?

At age 62 or after 20 years of service. Payment is effective on July 1 after a 12 month period ending June 30 following the 62nd birthday or the 20th year of service. In addition, participants who remain active after collecting may continue to earn credit and receive additional benefits.

What happens if I move and join another Dept?

A major benefit of having a statewide plan is portability of benefits. If the Dept. that you move to is enrolled in this plan, you may transfer your account balance and service credit and continue where you left off.

What happens if I die or become disabled before I am eligible for payments?

If a participant dies or becomes totally and permanently disabled, a lump sum is paid equal to his or her vested account balance on the June 30th following the date of death or total and permanent disability.

What happens to my money if I leave before I'm fully vested?

Money that has been contributed but is not vested when you leave a Dept and don't join another Dept enrolled in this plan is called a forfeiture. Forfeitures stay in the plan and get divided up between the remaining active firefighters. This is a key feature of the IFA plan and rewards firefighters with the most longevity. This feature should clearly impact retention of volunteers over time.

How is my money invested?

The assets will be pooled and invested by the IFA in a conservative blend of bank CD's and mutual funds.

How often will I receive a statement of my account?

Earnings from the pool of investments will be credited to participant accounts annually, after which a statement will be provided to each plan participant.

How can I get more information?

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