

**LOCAL FINANCE NOTICE**CHRISTINE TODD WHITMAN  
GOVERNORJANE M. KENNY  
COMMISSIONERBETH GATES  
DIRECTOR**Length of Services Awards Programs**

Governor Whitman recently signed P.L. 1997, c.388, known as the "Emergency Services Volunteer Length of Service Award Program Act into law. Under consideration for many years in the Legislature, this statute formally authorizes Length of Service Awards Programs (LOSAP) for volunteer firefighters and emergency medical personnel. While the Department will distribute detailed information over the next several months regarding the implementation of the law, there is one provision of the law that affects many fire districts that must be handled at this time.

As defined in the law, a LOSAP is "a system established to provide tax-deferred income benefits to active volunteer members of an emergency service organization...." The law contains restrictions on the types of tax-deferred programs that can be utilized in establishing LOSAPs. Specifically, any new program must be of a defined contribution type, where a fixed amount of funds may be contributed on behalf of those volunteer members that meet the eligibility criteria adopted by the governing body of the local government unit. The law does not authorize creation of programs that utilize a defined benefit program, the type that has been utilized by fire districts up until this time.

With enactment of this law, the advice contained in the Attorney General Opinion distributed to fire districts as Local Finance Notice FD-96-2 has been superseded, and existing LOSAPs are now subject to the new law.

The law contains a provision for "grandfathering" existing LOSAP programs. Section 11 of the law sets forth requirements as to what existing LOSAP programs must do to continue in place. There are two major requirements. First, any existing LOSAP that involves any form of insurance or annuity program may continue to operate if the Director of the Division of Local Government Services is notified of its existence within 60 days of the effective date of the act.

With the January 19, 1998 effective date of the law, the deadline for filing the notice is March 20, 1998. A form for filing this information is enclosed with this Notice and must be used by any fire district taking advantage of this procedure. Failure to file under this provision will prohibit the fire district from continuing to make contributions to the program after that date.

Second, any district with an existing plan will be required to modify its plan to meet certain criteria set forth in the law. The deadline for such modification is 180 days **from the time the district is instructed to do so** by the Director. Thus, no action to modify needs to be taken immediately. The requirements pertaining to the modifications of existing programs are set forth in subsection (b) of Section 11 of the law, but no action should be taken until the DLGS issues final direction to those districts affected by the change. Section 11 is reprinted on the back of the form.

If your fire district is currently administering a LOSAP that involves insurance or annuities, you must file the enclosed form with the Director by March 20, 1998. If you do not have a LOSAP, no action on the part of the district is required. Completed forms should be sent to:

Beth Gates, Director  
Division of Local Government Services  
Attention: Bureau of Authority Regulation  
PO Box 803  
Trenton, New Jersey 08625

Upon receipt, the Division will return a confirmation that the form has been received.

Additional information on implementing LOSAPs is being developed and will be distributed over the next several months. We look forward to working with the volunteer emergency services community to develop the necessary procedures to implement the law. If you have questions about the immediate requirements, please contact the Bureau of Authority Regulation at 609-984-0132.

  
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Beth Gates, Director  
Division of Local Government Services

Distribution: Fire District Board of Commissioners

**New Jersey Department of Community Affairs  
Division of Local Government Services**

**Fire District Notice of Operating a Length of Service Awards Program**

Required Pursuant to Section 11(a) of the  
Emergency Services Volunteer Length of Service Award Program Act (P.L. 1998, c. 388)

**Name and Number of Fire District:** \_\_\_\_\_

The undersigned President of the above captioned fire district hereby certifies that it operates a Length of Service Awards Program for volunteer members of the fire companies under the supervision of the district. The rest of this form must be completed in its entirety.

Year LOSAP was implemented: \_\_\_\_\_

Number of members currently covered by the program: \_\_\_\_\_

Number of members current receiving benefits: \_\_\_\_\_

Type of benefits (describe benefits and name of service provider or attach copies of policies or coverages):

Annuity:

Insurance:

Date(s) contract payments are due: \_\_\_\_\_

Name and address of professional insurance agent or other individual who coordinates the plan:

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Phone: \_\_\_\_\_

**I hereby certify the above information is correct:**

Signature of Commission President: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**Section 11 of P.L. 1998, c. 388**  
**Emergency Services Volunteer Length of Service Award Program Act**

11. Any length of service award program that involves any form of insurance or annuity program in existence prior to the effective date of this act is deemed valid in all respects, and may continue to operate subject to the following conditions:

a. That the director be notified of the existence of the program and its benefits within 60 days of the effective date of this act;

b. That within 180 days of being notified by the director to do so, the sponsoring agency shall file with the director documentation that demonstrates its program has been brought into compliance with this act, provided, however that such sponsoring agency need not comply with subsection c. of section 3 of P.L. 1997, c. 388, (*note, subsection 3 refers to a public referendum to approve the LOSAP*) and further provided, however, that any existing defined benefit annuity programs may be continued, but only with benefit levels whereby participants who vested prior to the effective date of P.L. 1997, c. 388 with benefits in excess of \$750 per month shall not receive or be entitled to benefits in excess of the benefits level in existence as of the effective date of P.L. 1997, c. 388, and participants who vest subsequent to the effective date of P.L. 1997, c. 388 shall not receive a benefit in excess of \$750 per month which level may be adjusted by the means provided in subsection f. of section 3 of P.L. 1997, c. 388; and

c. Any benefit vested in a participant of a length of service award program prior to the effective date of this act shall be exempt from the contribution and benefit limitations of sections 4 and 7 of P.L. 1997, c. 388 and shall be deemed valid in all respects from program inception.