

## UNION VALE FIRE DISTRICT SERVICE AWARD PROGRAM

### Preliminary Draft of Program Provisions

- A. Sponsor's Legal Name: **Union Vale Fire District**
- B. Volunteer Fire Company's Legal Name: **Union Vale Fire Company, Inc.**
1. **Type of Program:** Defined Benefit Plan.
  2. **Effective Date of Program:** January 1, 2007.
  3. **Service Award Program Administration:** This Service Award Program shall be administered and operated by the Board of Fire Commissioners.
  4. **Eligibility to Participate in the Service Award Program:** All active volunteer firefighters of the Union Vale Fire District (i.e. "Active Members" as that term is defined under the Union Vale Fire District's Policies and Procedures) shall be eligible to participate in the Service Award Program.
  5. **When Participation Commences:** Unless he or she waives participation, an Active Member shall become a program Participant on the last day of the first calendar year during which he or she meet the following requirements but not before December 31, 2007.

The requirements are:

- a) Be at least 16 years old; and
  - b) Earn a year of service credit under the Union Vale Fire District Service Award Program Point System (i.e. the Point System) during a calendar year beginning after December 31, 2006.
6. **Monthly Service Award Payable to Participant at Entitlement Age (called the "Accrued Service Award"):** For every year a Participant shall earn one year of service credit under the Point System, \$20 shall be paid with a maximum monthly payment of \$600 for 30 or more years of credited service.
7. **Entitlement Age:** Monthly Service Award payments shall begin to be paid to a Participant at the "Entitlement Age" which shall be later of age 62 or the Participant's age after earning a year of service credit under the Point System during a calendar year after 2006.
8. **Form of Payment of Accrued Service Award at Entitlement Age:** After a Participant attains the Entitlement Age, monthly payments shall be made to the Participant for his or her remaining lifetime. *All payments are subject to reduction or cessation as may be required by application of the Internal Revenue Code for Participants in the Union Vale Fire District Service Award Program to be liable for payment of federal income tax only after they have begun to be paid their Accrued Service Award.*

9. **To Earn Credit for a Year of Service after December 31, 2006:** After December 31, 2006, to earn a year of Service Award Program service credit, an Active Member must earn 50 points during a calendar year under the Point System (the Point System is explained in a separate document). Credit shall be limited to 30 years and shall be allowed only for active volunteer firefighter service as an Active Member of the Union Vale Fire District.

10. **To Earn Credit For Service Before January 1, 2007:** To be eligible to earn credit for Active Member service prior to January 1, 2007 with the Union Vale Fire District, a Participant must:

a. earn **one year** of service credit under the Point System during calendar year 2007, 2008 or 2009 if the Participant **was** an Active Member the date Fire District voters approved the proposition to establish this defined benefit Service Award Program; or

b. earn **two years** of service credit under the Point System during calendar years 2007, 2008 and/or 2009 if the Participant **was not** an Active Member the date Fire District voters approved the proposition to establish this defined benefit Service Award Program.

For each calendar year prior to January 1, 2007 during which an eligible Participant was 16 years old, a year of service credit shall be earned for each such calendar year during which the Active Member would based upon available Fire District records have earned a year of service credit under the Point System (under New York State law, no more than 5 years of pre-2007 service credit shall be allowed).

11. **Vesting Schedule:** A Participant's Accrued Service Award shall be 100% vested (i.e., the payment cannot be forfeited) after he or she shall have earned credit for 5 years of service, or attains the Entitlement Age while an Active Member, or shall be awarded a finding of total and permanent disability or dies while a Participant before attaining the Entitlement Age.

12. **When Accrued Service Award and Service Credit are Forfeited:** As of December 31 of the year a non-vested Participant ceases to be an Active Member of the Union Vale Fire District his or her earned service credit and Accrued Service Award shall be forfeited. The forfeited service credit and Accrued Service Award of a person who ceased to be an Active Member of the Union Vale Fire District shall be restored if the person again becomes an Active Member of the Union Vale Fire District within 5 years and subsequently earns at least one year of service credit under the Service Award Program Point System. In addition, a Participant who shall be convicted of the crime of arson in any degree as defined in the penal law shall not be eligible to receive benefits from a service award program and shall forfeit any and all rights he or she may have had to past or future benefits pursuant to a service award program.

13. **Military Duty:** A Participant whose volunteer fire service shall be interrupted by full-time extended obligatory military service or by a single voluntary enlistment in the armed forces of the United States shall be considered on military leave. During such period of military leave, the Participant shall be credited with a year of service credit under the Union Vale Fire District Service Award Program Point System for each full year on military leave up to four (4) years. For military service of less than a year, a firefighter shall be awarded prorated points. Military service credit shall be automatically granted to any firefighter on military service leave from the Union Vale Fire District who shall die or shall become totally and permanently disabled while in active military duty. *Modified 6/26/08*

14. **Pre-Entitlement Age Death Benefit:** The death benefit shall be a lump-sum payable to the Participant's designated beneficiary (or estate if no beneficiary is designated) and shall be equal to discounted actuarial present value of the Accrued Service Award. Volunteers who were Active Members on the date Fire District voters approved the proposition to establish this defined benefit Service Award Program who shall die in calendar year 2007, 2008 or 2009 before earning a year of Service Award Program service credit in calendar year 2007, 2008 or 2009 shall be given credit for their otherwise allowable pre-2007 service if they were Active Members at the time of their death (as determined by the Board of Fire Commissioners).

15. **Definition of Total and Permanent Disability:** The term "disabled" shall mean awarded benefits before attaining the Entitlement Age for a total and permanent disability from: the Social Security Administration, any entity which pays benefits under the Volunteer Firefighters' Benefit Law, or from any other authority approved by the Board of Fire Commissioners, due to a disablement which shall first prevent a volunteer firefighter from earning a year of service credit for each year after December 31, 2006. However, the Board of Fire Commissioners may, at its discretion, consider an Active Member to be totally and permanently disabled if the Active Member is unable to earn a year of service credit due to a disability which shall first prevent an Active Member from earning a year of service credit after December 31, 2006 and before December 31, 2009. The Board of Fire Commissioners may require a physician to certify such disability.

16. **Pre-Entitlement Age Total and Permanent Disability Benefit:** The disability benefit shall be a lump-sum payment equal to the discounted actuarial present value of the Accrued Service Award at the time the total and permanent disability benefit shall be awarded by the Board of Fire Commissioners. Volunteers who were Active Members on the date Fire District voters approved the proposition to establish this defined benefit Service Award Program who shall become totally and permanently disabled in calendar year 2007, 2008 or 2009 (as determined by the Board of Fire Commissioners in accordance with provision #15) before earning a year of Service Award Program service credit in calendar year 2007, 2008 or 2009, shall be given credit for their otherwise allowable pre-2007 service if they were Active Members at the time they became disabled (as determined by the Board of Fire Commissioners). Disabled persons who shall collect a total and permanent disability benefit payment from the Union Vale Fire District Service Award Program who subsequently recover from their disability and again become Active Members of the Union Vale Fire District shall be considered a new volunteer firefighter as of the day they shall again become an Active Member of the Union Vale Fire District and except for vesting purposes shall not again receive Service Award Program service credit for service prior to that date.

17. **Commencement of Payment of Accrued Service Award:** In the case of death or total and permanent disability, payment of the lump sum shall be made as soon as possible after a completed application from a Participant or a Participant's beneficiary and the required points certification are received by PENFLEX, INC. Upon attainment of the Entitlement Age, the payment of the Accrued Service Award shall begin on the first day of the month if the Participant attained the Entitlement Age on that date or on the first day of the next month if the Participant attained the Entitlement Age on a date other than the first day of the month. A Participant who earns credit under the Point System for the calendar year during which he or she shall attain the Entitlement Age, shall begin to be paid the additional monthly Service Award earned as of the next January 1<sup>st</sup>.

18. **Years of Rendered Service After Entitlement Age:** Volunteers who shall continue to be Active Members of the Union Vale Fire District after they attain the Entitlement Age and begin to be paid their Accrued Service Award, shall continue to have the opportunity to earn service credit under

the Point System. The additional monthly Service Award payments earned by a Participant during a calendar year after the calendar year of attainment of the Entitlement Age shall commence to be paid as of the January 1<sup>st</sup> in the next succeeding calendar year.

19. **Administration Costs:** The Union Vale Fire District shall pay the Service Award Program administration costs.

20. **Investment of Service Award Program Funds:** A Service Award Program Trust Fund shall be established and maintained by the Union Vale Fire District. The Board of Fire Commissioners shall invest the trust funds. A separate document called the Union Vale Fire District "Service Award Program Trust Document" which sets forth all the rules, restrictions, etc. about the investment of the Service Award Program assets shall be prepared and adopted by the Board of Fire Commissioners. The Trust Fund shall be established and maintained in strict compliance with applicable sections of the Internal Revenue Code.

21. **Amendment of the Service Award Program:** Unless voter approval shall be required by Article 11-A of the New York State General Municipal Law, amendments to this Service Award Program Plan Document shall be adopted by resolution of the Board of Fire Commissioners of the Union Vale Fire District. Within sixty days after the date of adoption by the Board of Fire Commissioners of a resolution amending the Service Award Program or, after the date of approval by voters of a required referendum amending the Service Award Program, a written notice and explanation of such amendment shall be distributed to all persons who participate or are eligible to participate in the Service Award Program. Copies of such written notice and explanation shall be available upon request to the Board of Fire Commissioners to all other persons.

22. **Termination of the Service Award Program:** The Board may terminate the Union Vale Fire District Service Award Program at any time in accordance with Article 11-A of the New York General Municipal Law, which requires approval by eligible voters residing in the Union Vale Fire District. In the event that the Program shall be terminated, all benefits shall be paid in accordance with the resolution adopted by the Board and the proposition approved by such eligible voters of the Union Vale Fire District. Upon termination of the Service Award Program and after all Accrued Service Awards have been paid to Participants and their beneficiaries, any funds remaining in the Service Award Program Trust Fund shall be returned to the Union Vale Fire District; provided, however, in the event that the amount of funds within such Trust Fund shall not be sufficient to pay all such Accrued Service Awards, the Union Vale Fire District shall contribute the additional funds required.

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