

**CLERMONT FIRE DISTRICT  
DEFINED CONTRIBUTION  
SERVICE AWARD PROGRAM**

**PLAN DOCUMENT**

Prepared by  
**PENFLEX, INC.**  
January 2018

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## **CLERMONT FIRE DISTRICT DEFINED CONTRIBUTION SERVICE AWARD PROGRAM PLAN DOCUMENT**

1. **Purpose:** In accordance with Article 11-A of the New York State General Municipal Law, the Clermont Fire District adopted a volunteer firefighter Defined Contribution Service Award Program for individuals who are approved as active volunteer firefighters of the Clermont Fire District on or after January 1, 2018. The provisions of a service award program regarding firefighter participation, benefits earned and paid, and program operation must be formally stated in a written Plan Document. This document is the Clermont Fire District Defined Contribution Service Award Program Plan Document (herein the “Plan Document”).
2. **Type of Program:** Defined Contribution Plan
3. **Program Sponsor:** Clermont Fire District
4. **Program Administrator:** Clermont Fire District / Board of Fire Commissioners of the Clermont Fire District (herein the “Board”)
5. **Effective Date of Program:** January 1, 2018
6. **Program Year:** The twelve (12) consecutive month period beginning each January 1<sup>st</sup> and ending each December 31<sup>st</sup>
7. **Eligibility to Participate in the Defined Contribution Service Award Program:** Any person who is at least 16 years old and who is approved as an active volunteer firefighter of the Clermont Fire District on or after January 1, 2018 shall be eligible to become a Participant in the Defined Contribution Service Award Program (herein an “Eligible Firefighter”).
8. **When An Eligible Firefighter Shall Become a Participant:** Unless participation is waived, an Eligible Firefighter shall become a Participant on the last day of the Program Year during which he/she first earns one (1) year of Service Credit in accordance with provision #13a, for a Program Year beginning on or after the Effective Date.
9. **Waiver of Participation in the Service Award Program:** An Eligible Firefighter may voluntarily waive his/her right to be enrolled in the Clermont Fire District Defined Contribution Service Award Program in writing to the Board. Once such waiver is received by the Board and noted for the record, such Eligible Firefighter shall permanently forfeit (see #16) any and all Service Credit and Accrued Service Award earned to the date of receipt of the waiver. At any time thereafter, such individual may withdraw the waiver in writing to the Board and may again earn Service Credit and Service Awards in accordance with the terms of this Plan Document from the date the

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written request is received by the Board.

10. **Entitlement Age:** Later of age 65 or the Participant's age on the December 31<sup>st</sup> of the first calendar year after 2017 during which the Participant earns one (1) year of Service Credit under the Point System in accordance with provision #13a.
11. **Annual Service Award:** \$500 for each year of Service Credit earned by a Participant.
12. **Accrued Service Award:** The value of a Participant's accumulated Annual Service Awards representing a share of the Trust Fund (see #25), as adjusted for amounts due but not yet received or paid, as well as all investment earnings, fees, distributions and other necessary and appropriate transactions.
13. **Service Credit:** Eligible Firefighters earn Service Award Program points under the *Clermont Fire District Service Award Program Point System* (i.e., the "Point System"), which is explained in a separate document. In addition, points can be awarded for Military Leave (see #13b). Service Credit must be certified, posted and approved in accordance with the Article 11-A of the New York State General Municipal Law.
  - a. **Service Credit For Program Years After Effective Date:** To earn a year of Service Credit during a Program Year beginning on or after the Effective Date of the Program, an Eligible Firefighter must earn 50 or more points during the Program Year.
  - b. **Service Credit for Military Leave:** A Participant whose volunteer fire service is interrupted by full-time extended obligatory military service or by a single voluntary enlistment not to exceed four (4) years 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 one (1) year of Service Credit under the Point System (i.e., 50 points) for each complete Program Year on military leave. For periods of military leave of less than one Program Year, the Participant shall be awarded pro-rated points (e.g., 4.167 points per month). Provided, however, such Participant must again become an Eligible Firefighter within one year after his or her military leave expires and subsequently earn one year of Service Credit under the Point System before any Service Credit is granted for military leave.. Military leave Service Credit shall be automatically granted to any Participant on military leave from the Clermont Fire Company who dies or is totally and permanently disabled while in active military duty.
  - c. **Service Credit Earned After Entitlement Age:** Eligible Firefighters who have attained the Entitlement Age have the opportunity to earn Service Credit during the Program Year of attaining the Entitlement Age and all Program Years thereafter.

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14. **Maximum Years of Service Credit:** Up to forty (40) years of Service Credit can be earned by a Participant.
  
15. **Vesting of Accrued Service Award:** A Participant's Accrued Service Award is 100% vested (i.e., he or she earns a nonforfeitable right to 100% of his or her Accrued Service Award) after he or she meets one of the following criteria:
  - a. Earns and does not forfeit five (5) years of Service Credit; or,
  - b. Attains the Entitlement Age while an Eligible Firefighter; or,
  - c. Is awarded a finding of Total and Permanent Disability by the Board; or,
  - d. Dies while an Eligible Firefighter.
  
16. **Forfeit:** Forfeiture shall occur after one of the following conditions is met:
  - a. The earned Service Credit and Accrued Service Award of a non-vested Participant shall be forfeited as of December 31<sup>st</sup> of the Program Year the non-vested Participant ceases being an Eligible Firefighter. However, if such former non-vested Participant again becomes an Eligible Firefighter within five (5) years of the effective date of forfeiture and subsequently earns at least one (1) year of Service Credit, the former non-vested Participant's forfeited Service Credit and Accrued Service Award shall be restored effective the December 31<sup>st</sup> of the Program Year the additional Service Credit is earned.
  - b. A Participant who is convicted of the crime of arson in any degree as defined in the penal law is not eligible to receive benefits from a service award program and must forfeit any and all rights he or she may have had to past or future benefits pursuant to a Service Award Program.
  - c. An Eligible Firefighter waives his or her right to be enrolled in the Clermont Fire District Defined Contribution Service Award Program in accordance with provision #9.
  
17. **Benefit Commencement Date:** The Benefit Commencement Date shall be the January 1<sup>st</sup> immediately following attainment of the Entitlement Age. Payment of the Accrued Service Award calculated as of the December 31<sup>st</sup> immediately preceding the Benefit Commencement Date shall be made in accordance with the form of payment chosen (see #20) as soon as administratively feasible after all required documentation is submitted.

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**18. Pre-Entitlement Age Total and Permanent Disability:**

- a. Definition of Total and Permanent Disability:** A Participant shall be considered to have a Pre-Entitlement Age Total and Permanent Disability for the purposes of this Program only if he or she is awarded benefits before his or her Benefit Commencement Date for a total and permanent disability from: the Social Security Administration, any entity which pays benefits under the Volunteer Firefighters' Benefit Law, or from another authority approved by the Board.

A Participant shall not be deemed to be totally and permanently disabled for purposes of this provision if such Participant has been performing active volunteer firefighter services notwithstanding the existence of the disability that otherwise satisfies this definition of Total and Permanent Disability. In such a case, the Participant shall not be eligible for the benefits provided in this provision until such Participant ceases to be an Eligible Firefighter.

- b. Total and Permanent Disability Benefit:** If the Board determines a Participant has met the definition of Total and Permanent Disability, the Board shall award the Participant a Total and Permanent Disability Benefit by resolution of the Board. Such Participant shall be paid his or her Accrued Service Award calculated as of the December 31<sup>st</sup> immediately preceding the date the Benefit is awarded by the Board as a lump sum, and payment shall be made as soon as administratively feasible thereafter.

A participant who is awarded a Total and Permanent Disability payment, subsequently recovers from his or her disability, and again becomes an Eligible Firefighter shall not, except for vesting purposes, receive Service Credit for volunteer firefighter service prior to such subsequent date.

- 19. Pre-Entitlement Age Participant Death:** If a Participant dies before his or her Benefit Commencement Date, the Participant's Designated Beneficiary (or Estate if no beneficiary is designated) shall be paid the Participant's Accrued Service Award calculated as of the December 31<sup>st</sup> immediately preceding such Participant's death as a lump sum. However, if the Participant's death is not reported timely to the Board and it is not administratively feasible to pay the Accrued Service Award as of the December 31<sup>st</sup> immediately preceding of the Program Year of death, the amount paid shall be equal to the Participant's Accrued Service Award as of the December 31<sup>st</sup> preceding the date the Board is notified of the Participant's death. Payment shall be made as administratively feasible after all required documentation is submitted. If the deceased Participant earns an Annual Service Award during the year of death such contribution shall be paid subsequently, as soon as administratively feasible after the December 31<sup>st</sup> on which it is earned.

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- 20. Form of Payment of Accrued Service Award:** Unless the Board approves by Board Resolution other forms of payment, payment of the Accrued Service Award shall be made as follows:
- i.) A one-time lump sum, or
  - ii.) In two (2) annual installment payments. Should a Participant elect to be paid in two (2) annual installment payments, the first payment shall equal one-half (1/2) of the lump-sum he or she would have otherwise been paid. The second payment shall be equal to the remaining balance of the Accrued Service Award calculated as of the next following December 31<sup>st</sup>, reflecting actual investment income and/or expenses or other transactions that occurred during the Program Year. Should the Participant die before being paid the second installment, the second installment will be paid as scheduled to the Designated Beneficiary.
- 21. Service Awards earned after Benefit Commencement Date:** Any additional Service Award(s) earned by a Participant during Program Year(s) after the Program Year of attaining the Entitlement Age shall be paid effective the January 1<sup>st</sup> following the Program Year in which it is earned, in addition to any installment payment remaining. Actual payment shall be made as soon as administratively feasible after the Service Credit is certified, posted and approved in accordance with the Article 11-A of the New York State General Municipal Law.
- 22. Participant Death after Benefit Commencement Date:** If a Participant dies after his or her Benefit Commencement Date and had elected to be paid in installments, the Participant's Designated Beneficiary (or Estate if no beneficiary is designated) shall be paid the installments as scheduled (either both or only the second installment if the first installment was already paid). Furthermore, any unpaid portion of the Participant's Accrued Service Award will be paid to the Designated Beneficiary (or Estate if no beneficiary is designated) as soon as administratively feasible after the Participant's death and after all required documentation is submitted.
- 23. Program Costs:** The administration costs of operating the Clermont Fire District Defined Contribution Service Award Program is paid from the Clermont Fire District's general operating fund. The Clermont Fire District must contribute to the Clermont Fire District Defined Contribution Service Award Program Trust Fund an amount calculated in accordance with provision #24, as owed to the Trust Fund for each Program Year beginning on or after the Effective Date of the Program.

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- 24. Calculation of Annual Program Cost:** The amount calculated as owed to the Trust Fund as of December 31<sup>st</sup> of a Program Year is equal to:
- a. Annual Service Award (#11) multiplied by the number of Participants who earned a year of Service Credit, for such Program Year, plus
  - b. Any unpaid amounts owed to the Trust Fund for previous Program Years, plus
  - c. Any administration costs paid from the Trust Fund during such Program Year or to be paid from the Trust Fund during the next Program Year, less
  - d. The forfeitable portions of the Accrued Service Awards, as of December 31<sup>st</sup> of such Program Year, of non-vested Participants whose Participation ceased as of the end of the Program Year in accordance with provision #16, less
  - e. Any excess unallocated amounts paid to the Trust Fund for previous Program Year plus allocated investment income earned thereon.
- 25. Investment of Service Award Program Funds:** A Service Award Program Trust Fund shall be established and maintained by the Board. Unless the Board designates another person and/or entity to be the Service Award Program Trustee, the Board shall be the Service Award Program Trustee and shall invest the trust fund assets. A separate document called the *Clermont Fire District Defined Contribution Service Award Program Trust Document* which sets forth all the rules, restrictions, etc. about the investment of the Service Award Program has been prepared and adopted by the Board. Copies of the Trust Document are available to all persons upon request to the Board.
- 26. Service Award Program Administration:** The Clermont Fire District Defined Contribution Service Award Program is administered by the Clermont Fire District in accordance with Article 11-A of the New York State General Municipal Law, the Plan Document and all other applicable statutes, rules and regulations.
- 27. Amendment of Service Award Program:** Unless voter approval is required by Article 11-A of the New York State General Municipal Law, amendments to this Plan Document will be adopted by resolution of the Board. Within one hundred eighty (180) days after the date of adoption by the Board of a resolution amending the Service Award Program or, after the date of approval by eligible voters of the Fire District of a required referendum amending the Clermont Fire District Defined Contribution Service Award Program, a written notice and explanation of such amendment will be distributed to all persons who participate or are eligible to participate in the Clermont Fire District Defined Contribution Service Award Program. Copies of such written notice and explanation will be available upon request to the Board to all other persons.



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- 28. Termination of the Service Award Program:** The Board may terminate the Clermont Fire District Defined Contribution 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 Clermont Fire District. In the event that the Program is terminated, all benefits will be paid in accordance with the resolution adopted by the Board and the proposition approved by such eligible voters of the Clermont Fire District.
- 29. Annual Audit Requirement:** The Board shall obtain an annual audit of the Program records by an independent certified public accountant within two hundred seventy days of the end of a Program Year. Such audit shall examine the Program's financial conditions, actuarial assumptions, fiduciary investment and control, and asset allocations, including whether current assets are adequate to fund Program liabilities. The audit report prepared by the certified public accountant shall comply with standard practices for such audits, and shall include any information or formatting required by the Office of the New York State Comptroller. The certified public accountant shall present a copy of the audit report to the Board and the Office of the New York State Comptroller. Copies shall also be made available for public inspection and copying.
- 30. Compliance With Laws:** The Clermont Fire District Defined Contribution Service Award Program must comply with Article 11-A of the New York State General Municipal Law and all applicable federal laws including but not limited to compliance with those provisions of the Internal Revenue Code that result in the payment of federal income tax by a Participant only after the Participant or his or her beneficiary is actually be paid a Service Award. Any additional provision(s) of this Service Award Program required for such compliance not explicitly stated in this Plan Document is automatically included within these provisions. Any written program provision set forth in this Plan Document deemed to be prohibited by the law, rule or regulation is ineffective to the extent of any such prohibition without invalidating the remaining program provisions set forth in the Plan Document. The Board may amend this Plan Document to comply with any amendment or modification to existing applicable laws, rules and/or regulations as well as the adoption of new laws, rules and/or regulations that apply to the Program.

January 2018

# CLERMONT FIRE DISTRICT DEFINED CONTRIBUTION SERVICE AWARD PROGRAM PLAN DOCUMENT

## EXECUTION

By their signatures affixed hereto, the Board of Fire Commissioners of the Clermont Fire District does hereby, on behalf of said Fire District, adopt this Clermont Fire District Defined Contribution Service Award Program Plan Document.

<u>Susan Ruppel</u> Commissioner	<u>2/19/18</u> Date
<u>Laurence Seelye</u> Commissioner	<u>2/19/18</u> Date
<u>Ronald Miller</u> Commissioner	<u>2/19/18</u> Date
<u>Ronald Bass</u> Commissioner	<u>2/19/18</u> Date
<u>Ronald F. [Signature]</u> Commissioner	<u>2/19/18</u> Date

Signatures witnessed by:

<u>Mary M. [Signature]</u> Fire District Secretary	<u>2/22/18</u> Date
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