

Section 11 provides information for the employer regarding volunteer fire department pension plans. This section is meant to provide basic information to assist pension boards in keeping volunteer pension plans in compliance with state statutes. To the extent that complete references to state law are needed, directly consult the Colorado Revised Statutes and copies of any recent legislation that has not been codified into the statutes. Ultimately, the Colorado Revised Statutes govern volunteer firefighter pension plans. FPPA cannot provide legal advice and this handbook should not be construed as such. An attorney should be consulted for questions related to department pension plans and funds.

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[**CLICK HERE**](#) to be connected to the FPPA Governing Documents.

Once there click on the **Colorado Revised Statutes** and then refer to **Parts 11, 12 & 13**.

A. Volunteer Pension Board

A volunteer fire department's pension board has the responsibility to manage, use, and disburse the pension fund according to the provisions of the Colorado Revised Statutes (C.R.S.) Part 11, in conformity with the department's rules and bylaws. It also has general supervision and control of the fund and is authorized to do everything in its power to preserve the fund. The pension board is held liable to operate in accordance with all applicable laws and to manage the fund in a prudent and reasonable manner. All individuals serving on the board may be held accountable for the decisions and actions made for the pension fund. The members of the board differ depending on the incorporation of the department. All members of the pension board are voting members with equal status. The three different kinds of departments and their pension board make-ups are as follows:

1. Municipal Fire Department (please reference C.R.S., 31-30-1104)

The Mayor, the Treasurer or Finance Officer, two other persons appointed by the governing body of the municipality, and three representatives of all classes of fire departments serving the municipality. The governing body of the municipality may continue with the board composition that was in effect on June 4, 1995.

2. Fire Protection District (please reference C.R.S., 31-30-1105)

All members of the District Board; the Treasurer of the Board; and two individuals elected from fire department members, retired fire department members, or retired fire department members returned to active service pursuant to section 31-30-1132.

3. County Improvement District (please reference C.R.S., 31-30-1106)

One county commissioner of the county in which the district is located, the county treasurer, three residents of the county obligated to pay real or personal property taxes, and two members of the fire department.

Board Consolidation or Merger (please reference C.R.S., 31-30-1107)

If there is a consolidation or merger of any municipality or district with one or more municipalities or districts, the former trustees of the various volunteer firefighter pension funds of the consolidated or merged municipalities or districts shall, giving due regard to equal representation, elect seven members from themselves to serve as trustees of the firefighters' pension fund resulting from the merger or consolidation. No more than three of those seven may be fire department members and those not elected to serve on the new pension board shall cease to hold office. The trustees elect from among themselves a president, secretary, and treasurer.

Please refer to the Colorado Revised Statutes for information on the following:

31-30-1108 – Board Powers and Duties

31-30-1109 – Attorney Representation

31-30-1110 – Property Tax - Other Tax Revenue

31-30-1111 – Contribution to Fund

B. Volunteer Pension Fund and Investments

Retirement Benefits

State statutes allow pension boards to provide a volunteer firefighter, who has twenty years of active service and who is age 50 or older, a retirement pension. The goal of the volunteer pension

fund is to accumulate enough money through contributions and investments over the twenty years to be able to pay benefits once the volunteer member is eligible to retire. The pension board may reduce the service requirement to as low as ten years if the fund is actuarially sound. The retirement pension shall be an amount determined by the board of not more than one hundred dollars per month; unless an actuarial review indicates a higher payment is actuarially sound (please see subsection F for more information about actuarial studies.)

Plan Funding Contributions (C.R.S., 31-30-1110, 31-30-1111)

1. Proceeds of a mill levy;
2. Proceeds from other taxes; or
3. Other contributions (donations, etc.)

Investments (C.R.S., 31-30-1113)

A volunteer pension board has the responsibility to ensure investments are secure yet liquid enough to be available to pay benefits when needed. The Board is charged with naming a custodian for the funds and ensuring investments chosen are consistent with sound investment policy and the provisions of this statute.

C. Volunteer Pension Plan Format

The following information is derived from the Colorado Revised Statutes, Title 31, Article 30, Part 11 of the Volunteer Firefighter Pension Act. The volunteer pension plan must be in the nature of a defined benefit plan, with equal payments to all retirees with the same length of service. The pension board cannot increase benefits above certain levels unless the increase is approved by the governing body of the municipality or district and an actuarial review indicates a higher payment is actuarially sound (please refer to C.R.S., 31-30-1112(2)(d)). There are also limits to the benefits that can be paid under federal law. The statutes allow for the following benefits to be paid from a volunteer pension plan:

Normal Retirement Pension (C.R.S., 31-30-1122) (This is an Optional Benefit.)

The payment of a volunteer retirement pension benefit is not required. A pension may be granted when a firefighter has attained 20 years of active service, has maintained a minimum training participation in the fire department of thirty-six hours each year, and has reached at least 50 years of age. A volunteer firefighter shall not receive a volunteer retirement pension for service in a fire department while the firefighter is an active volunteer member of that department except as provided in C.R.S., 31-30-1132.

With the prior consent of the governing body of the municipality, special district or county improvement district, the pension board may set the monthly benefit anywhere between \$0 and \$100 without an actuarial study. To pay a benefit over \$100 requires an actuarial review which indicates that the fund can afford that benefit level. Normal retirement benefits are no longer subject to a maximum benefit amount under state law, however, limits under federal law do apply.

The statutes contemplate that any increase in volunteer pension benefits must apply to all beneficiaries of the plan, including active, vested, and retired members and survivors. Any required actuarial review needs to include the cost of these retirement pension benefit increases.

Retired Firefighters Who Return to Active Service (C.R.S., 31-30-1132)

If the governing body of any municipality, fire protection district, or county improvement district, by resolution, determines that a fire department needs additional volunteer firefighters, a retired member is eligible to serve as an active volunteer in that department. The retiree continues to receive pension benefits from the department while he/she is an active volunteer firefighter. During

this period, they do not receive service credit for the purpose of increasing the volunteer pension benefit.

Supplemental Retirement Pension – Extended Service (C.R.S., 31-30-1125) (This is an Optional Benefit.)

With the prior consent of the governing body of the municipality, special district or county improvement district, and with the approval of 65% of the active and retired volunteer firefighters of the department, the pension board may provide for a supplemental monthly pension payment to a volunteer who has attained the age of fifty years and who has been in active service in excess of 20 years, if an actuarial review indicates that such a payment is actuarially sound. The supplemental amount cannot exceed an amount equal to five percent of the monthly pension payment multiplied by the number of years of active service in excess of 20 years up to a maximum of 10 additional years. The total of the monthly payment and the supplemental monthly pension payment cannot exceed an amount that is actuarially sound.

Vested Retirement Benefit (C.R.S., 31-30-1122) (This is an Optional Benefit.)

A department may elect to provide a vested retirement benefit for any member who terminates service with 10 or more years, but less than 20 years, of active service if the municipality's or district's fund is actuarially sound. The benefit should be the prorated amount of the normal retirement benefit based on the member's years of service, and the member must be age 50 to draw the vested retirement benefit.

Service Accrual (Pre-1977 service) (C.R.S., 31-30-1123)

If a firefighter has accrued 20 years of service by working for more than one department and if any portion of his service was earned prior to June 2, 1977, the last department worked for must pay the full 20 year benefit.

Service Accrual (Post-1977 service) (C.R.S., 31-30-1123)

Beginning after June 2, 1977, a volunteer firefighter may earn 20 years of active service by working for more than one department. The minimum time that must be worked for each department is 5 years in order to accrue a "vested" retirement benefit. Members who leave a department after 5 years of active service are considered to be "terminated vested members." They should be included in any actuarial valuation completed on the pension fund because the fund may have to pay a benefit to them in the future.

Upon accrual of 20 years of service, each department the member worked for pays their portion (5/20ths, 13/20ths, 15/20ths, etc.) based on the retirement pension being paid by that fund on the day the volunteer firefighter left the service of that particular department. The maximum amount a retiree may draw using this accrual system is the maximum amount of the normal retirement pension paid by the board of each department, or \$450 per month from all departments, whichever is greater.

Disability Benefit (C.R.S., 31-30-1121 and C.R.S. 31-30-1134)

The payment of a short-term disability benefit to a firefighter injured in the line of duty is required by law. The Colorado Department of Local Affairs (DOLA) purchases an Accidental Death and Dismemberment Policy for volunteers. In addition to the Department of Local Affairs Accidental Death and Dismemberment Policy, payment of any other short-term disability benefit is guided by the financial condition of the fund, and may not exceed one-half of the amount of the normal retirement pension, or \$225 per month for one year, whichever is greater.

The plan can also offer a long-term disability benefit. A long-term disability benefit may be granted after one year of service at a set amount that the board feels is proper and necessary but not more

than the amount of the normal retirement pension, or \$450 per month, whichever is greater.

Survivor Benefit – Death from Injuries in the Line of Duty (C.R.S., 31-30-1127) (This is an Optional Benefit)

The Colorado Department of Local Affairs purchases an Accidental Death and Dismemberment Policy for volunteers (see C.R.S., 31-30-1134). In addition to the Department of Local Affairs Accidental Death and Dismemberment Policy, payment of any other survivor benefit is guided by the financial condition of the fund and may not exceed one-half of the amount of the normal retirement pension, or \$225 per month, whichever is greater. Survivors may include spouse, child under 18 years of age, or dependent parent. This annuity shall cease if the surviving spouse, or dependent parent, remarries and dissolution of a subsequent marriage does not reinstate the annuity. For purpose of this document, spouse includes a partner in a civil union.

Whenever the pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of firefighters killed in the line of duty.

Survivor Benefit for Death of a Retired Firefighter (C.R.S., 31-30-1126) (This is an Optional Benefit.)

Upon the death of a retired member or a volunteer firefighter who, regardless of age, has served 20 years and who leaves a surviving spouse, the board may grant an annuity. If actuarially supported, the fund may pay 50% of the normal retirement benefit to a surviving spouse, until his/her remarriage, or death. If the firefighter had less than 20 years of active service, the annuity to the surviving spouse should be prorated based upon the number of years of service. The benefit is payable to the surviving spouse upon the death of the retired member.

When a pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of retired firefighters.

Optional Survivor Benefit – Death of a Volunteer in Active Service (C.R.S., 31-30-1128) (This is an Optional Benefit and is in lieu of the previously outlined survivor benefit options.)

The board in any municipality, fire protection district, or county improvement district may provide to the active members of the volunteer fire department the option of having the survivor benefits offered by this section in lieu of the purchase of insurance and in lieu of the survivor benefits outlined previously. The following conditions must be met in order to offer the optional benefits:

1. Sixty-five percent of the active and retired volunteer firefighters must consent in writing to the option.
2. An actuarial review must indicate that the fund is actuarially sound and that the offering of these optional benefits will not impair the ability of pension funds to pay the pension benefits or annuities to a beneficiary.
3. If a municipality intends to provide the option, the governing body of the municipality consents to the option.

The governing body of a municipality, or the board of the fire protection district or county improvement district, must determine whether the survivor benefits are allowed only if the volunteer firefighter dies while on duty and must determine the benefit amount, not to exceed 100% of the amount of the pension the volunteer firefighter would have been entitled to if he/she had retired immediately before his/her death.

If survivor benefits are provided and if a volunteer firefighter dies on duty or, if authorized by the governing body or board, off duty, a spouse, dependent child until the age of 18 or 23 if full-time

student, a dependent parent, or lacking such dependents, any other beneficiary designated by the volunteer firefighter, shall receive a monthly annuity in the amount determined by the board.

To pay the costs of this option, the board must insure members of the volunteer fire department buy insurance policies. The pension fund must be the beneficiary of these policies and the proceeds of these policies must be paid to the board as an addition to the fund. Premiums on these policies must be paid from the existing pension fund assets or additional local contributions made to the fund. Additional state contributions will not be made for payment of the premiums on these policies.

If these survivor benefits are provided and if a volunteer firefighter terminates active duty before retirement, the board may allow the firefighter to purchase the insurance policy at a price equal to the cash value of the policy. If not purchased, the board shall surrender the policy for its cash value and transfer the moneys into the pension fund.

Survivor benefits may be terminated at any time by either consent of the board or with approval of 65% of the members of the department.

Funeral Benefit (C.R.S., 31-30-1129) (This is a Required Benefit)

When an active volunteer or retired fire department member dies, the board must pay a funeral benefit to assist in the proper burial of the deceased firefighter. The fund may not pay more than twice the amount of the normal retirement benefit, but not less than \$100.

D. Additional Benefits

Public Safety Officer Benefit (PSOB)

Volunteers qualify for the federal Public Safety Officer Benefit (PSOB). Enacted in 1976, the PSOB provides a tax-free, lump-sum benefit on the death of a public safety officer (including a volunteer firefighter) who died in the line of duty. For more information about this federal benefit, please contact:

Public Safety Officers' Benefit Program
Bureau of Justice Assistance
810 Seventh Street N.W.
Washington, D.C. 20531

1(888) 744-6513 or (202) 307-0635
PSOB website at www.psob.gov

State Workers' Compensation

All volunteer departments are currently required to pay into state workers' compensation to provide for coverage for injuries or deaths that occur in the line of duty. The eligibility for and payment of workers' compensation benefits in Colorado is governed by C.R.S. Title 8.

Volunteer Service Award Plans (See C.R.S., 31-30-1203)

A Volunteer Service Award Plan is a program that provides deferred compensation type benefit based on the length of service with the volunteer department. The amount of service awards a volunteer may legally accrue each year is established in the Internal Revenue Code. If a municipality or district chooses to adopt a Volunteer Service Award Plan, the adopted plan document must comply with the provisions of Section 457(e)(11) of the Federal Internal Revenue Code of 1986, as amended. Volunteer departments considering such a program should consult legal counsel for questions on and/or development of the plan. The FPPA does not currently offer or administer Volunteer Service Award plans.

E. Paid Personnel

Please contact FPPA when preparing to hire paid personnel, as certain statutory requirements apply.

If the person being considered for full-time employment meets the definition of member (see below), then state statutes require the member to be enrolled in the FPPA Statewide Defined Benefit Plan for pension benefits and the FPPA Death & Disability Plan for disability and survivor benefits.

C.R.S., 31-31-102(4) “Member” means an active employee who is a full-time salaried employee of a municipality, fire protection district, fire authority, or county improvement district normally serving at least one thousand six hundred hours in any calendar year and whose duties are directly involved with the provision of police or fire protection, as certified by the member’s employer. “Member” also includes an active employee who works less than sixteen hundred hours per year but otherwise qualifies as a member and whose employer elects to treat all such other similar employees as members. The term does not include clerical or other personnel whose services are auxiliary to police protection, or any volunteer firefighter, as such term is defined in section 31-30-1102 (9). For the purpose of participation in the statewide defined benefit plan pursuant to part 4 of this article or the statewide money purchase plan pursuant to part 5 of this article, but not for the purpose of participation in the statewide death and disability plan pursuant to part 8 of this article, the term may include clerical or other personnel employed by a fire protection district, fire authority, or county improvement district, whose services are auxiliary to fire protection. For the purpose of eligibility for disability or survivor benefits, “member” includes any employee on an authorized leave of absence. For the purpose of eligibility for disability or survivor benefits, “member” includes any employee on an authorized leave of absence.

One exception, a Department Chief may “opt-out” of the FPPA Statewide Defined Benefit Plan and elect coverage under the FPPA administered Statewide Money Purchase Plan, Statewide Hybrid Plan, or an alternate plan. A Department Chief who elects to be exempted from the FPPA Defined Benefit System and covered under Social Security or the Colorado Public Employees’ Retirement Association shall not be covered under the Statewide Death and Disability Plan.

Statutes also permit enrollment in the FPPA administered Statewide Defined Benefit Plan for full-time clerical or other personnel employed by a fire protection district, fire authority, or county improvement district. Part-time firefighters, clerical or other personnel may be enrolled in the FPPA administered Statewide Money Purchase Plan. Generally, a member is considered full-time if he/she is expected to work at least 1600 hours in a calendar year as discussed in the definition of “member” under C.R.S., 31-31-102(4).

Please contact FPPA for the appropriate forms to properly enroll paid firefighters or other personnel. If there is a question about an employee qualifying for membership, a job description may be submitted to FPPA for review.

If the department already employs full-time paid personnel but was not aware of these enrollment requirements, please contact FPPA. We will assist you in resolving this matter and properly enrolling the members.

Conversion of Time

There is no provision to convert volunteer service credit to paid service credit.

Collecting Pensions for both Volunteer and Paid Department Service

FPPA has received many calls asking if a firefighter may earn a pension from a volunteer department and a paid department simultaneously. Generally speaking if the volunteer service is for a different department than the paid service, two pensions are allowed unless the volunteer service is a

requirement of the paid service. Where the volunteer service is for the same department as the paid service, several state and federal legal issues arise. These issues must be resolved by the local department in consultation with its legal counsel.

F. Actuarial Valuation Report

The actuarial valuation report has always played an important role as the basic source document for information regarding actuarially determined contributions and the funded status of pension plans. The actuarial valuation report, prepared in accordance with Actuarial Standards of Practice (ASOP), will soon come to play an even more critical role in the wake of the implementation of Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, because funding information for pensions will no longer automatically be provided in financial reports. That is, the actuarial valuation report will soon be the sole source of information for many financial decision makers desiring to make informed decisions about the funding of pension benefits.

The Government Finance Officers Association (GFOA) recommends that state and local government finance officials and others with decision-making authority carefully review and understand their actuarial valuation report and use the information it contains to make policy decisions that ensure that pension benefits are funded in a sustainable manner. The purpose of an actuarial valuation is 1) to determine the amount of actuarially determined contributions (i.e., an amount that, if contributed consistently and combined with investment earnings, would be sufficient to pay promised benefits in full over the long-term) and 2) to measure the plan's funding progress. FPPA completes an actuarial report on your volunteer plan every two years. An actuarial study is required by statute if the board wants to set the normal retirement benefit above \$100 per month.

Reviewing and Understanding the Valuation Report

Key items to consider in reviewing the valuation report include:

- **Actuarially Determined Contribution.** The actuarially determined contribution represents the amount needed to fund benefits over time. If the contributions are not fully paid, interest accrues on the unpaid portion at the plan's expected long-term rate of return. Persistent underfunding will ultimately jeopardize the plan's sustainability. The GFOA recommends that the full amount of the actuarially determined contribution be paid to the plan each year.
- **Liabilities, Assets, and Funded Ratio.** The actuarial accrued liability (AAL) represents the present value of benefits earned, calculated using the plan's actuarial cost method. The actuarial value of assets (AVA) reflects the financial resources available to liquidate the liability. The unfunded actuarial accrued liability (UAAL) is the difference between the AAL and the AVA. The funded ratio (AVA/AAL) reflects the extent to which accumulated plan assets are sufficient to pay future benefits. The GFOA recommends that the funding policy aim to achieve a funded ratio that approaches 100 percent, with asset smoothing and amortization methods consistent with the government's funding policy and ASOP.
- **Actuarial Assumptions.** Since the future is unknown, actuarial valuations must be based on assumptions. For an actuarial valuation to be reliable, the assumptions used should reflect the best information available, which should be supported by rigorous discussion and analysis. Likewise, information concerning the demographic characteristics of the covered population needs to be current. The FPPA Board of Directors sets the actuarial assumptions for affiliated plans.
- **Historical Information.** Certain historical information is especially useful for understanding funding:

- o Multi-year information on the plan's funding progress that includes the AAL, the AVA, the funded ratio, and the UAAL as a percentage of payroll, consistent with the government's funding policy; and
- o Multi-year information on both actuarially determined contributions and actual amounts contributed (by definition, if actuarially determined annual required contributions are paid faithfully each year to the plan, the plan should accumulate sufficient resources over time to pay benefits, regardless of the actuarial cost method selected).

In both cases, the number of periods for which data are presented should be sufficient to allow for the meaningful analysis of trends (e.g., 6 to 10 years and longer if available).

- Actuarial Comments. Actuarial Standards of Practice (ASOPs) require actuaries to make certain disclosures in their reports. These disclosures are commonly presented as comments intended to help users understand the report and include: 1) the report's intended purpose; 2) cautions regarding risk and uncertainty; and 3) constraints regarding the use of the report for other than its intended purpose. In addition, if a prescribed assumption or method is used that the actuary believes is unreasonable or conflicts with the ASOPs, the actuary has a duty to disclose that fact in the report.
- Information Needed to Prepare Financial Reports. The actuarial report will also provide all of the information needed to prepare the government's financial reports in conformity with generally accepted accounting principles (GAAP) or legal or contractual requirements.
- Other information. An actuarial valuation report also may include: 1) projections of future contributions and funded status; 2) an analysis of the impact of potential changes in actuarial assumptions; and 3) the impact of economic volatility on the plan's contributions and funded ratio.

Using the Actuarial Report to Make Appropriate Decisions

The information contained in an actuarial report is complex and can be difficult to understand for those who are not accustomed to working with this kind of information. To assist you in understanding an actuarial report, FPPA has provided a video on 'Reading Volunteer Actuarial Reports' onto the FPPA website at www.FPPAco.org.

To draw full benefit from the information contained in an actuarial report, the review of the information it contains must be followed by appropriate action steps:

- Making Required Contributions. The key purpose of an actuarial valuation is to inform plan sponsors of the amount that needs to be contributed each year to adequately fund benefits. Consequently, the first action step is to take appropriate steps to ensure that actuarially determined contributions are faithfully paid to the plan each year. If those contributions are not made, follow-up action should be taken to understand the underlying cause of the underfunding and to resolve it.
- Assessing Funding Progress. Historical information should be used to assess funding progress (e.g., Is the plan's funded ratio improving over time? Is the rate of improvement consistent with the employer's funding policy?).
- Mitigating Risks. Information from the actuarial valuation can help to uncover risk exposure related to the funding of benefits. Decision makers should identify those risks and take appropriate and timely action to mitigate them.
- Ensuring Reliable Data. For an actuarial valuation to be reliable, the underlying data must be reliable as well, including the demographic information related to plan members and the detailed descriptions of current benefits.

G. Volunteer Pension Contribution Program – State Matching Funds

Each year the State of Colorado contributes money to volunteer fire departments through the Department of Local Affairs. Entities eligible to receive state matching funds include municipalities under 100,000 in population that maintain active volunteer fire departments; fire protection and county improvement districts with volunteer fire department members that offer fire protection services; and counties contributing to a volunteer pension fund at one of the above.

State contributions to qualifying pension plans are equal to 90% of all local tax revenue paid into the pension plan in the previous calendar year assuming no other restrictions apply as discussed further in this document. The state contribution shall not exceed one-half mill on the previous valuation for assessment assuming 100% collections.

Please note, if a pension board pays benefits in excess of \$300 per month, the department is subject to the state contribution limitation. This limitation requires that the municipality or district that was levying an amount necessary to pay pensions in excess of \$300 per month will receive state contributions in an amount not to exceed one-half mill on the previous valuation for assessment, but will be based upon the greater of the contribution actuarially required to pay a pension of \$300 per month in the previous year or the highest actual state contribution received by the department in the years 1998, 1999, 2000, or 2001. In addition, state contributions cannot exceed the limit as described in the paragraph above. Carefully consider how this may impact your plan before making any changes to your pension benefits.

If the plan exceeds the \$300 per month maximum pension, an actuarial study based on the following limitations on pension benefits will be required in order to calculate matching funds.

- Normal pension of \$300 per month,
- Short-term disability monthly annuity of \$150 per month,
- Service accrual retirement pension of \$200 per month,
- Survivor benefit of \$150 per month,
- Funeral Benefit of \$100

If the entity is putting in an amount equal to the proceeds of one-half mill of the current assessed valuation, the state contribution minimum will be \$1,000.

The State of Colorado Department of Local Affairs (DOLA) is responsible for the administration of the Volunteer Firefighter Pension State Contribution program and the statewide volunteer firefighter accidental death and disability insurance policy. (Please see C.R.S., 31-30-1101 et seq.) DOLA has established procedures to administer these two programs and has appointed members to the Volunteer Firefighter Advisory Committee (Advisory Committee). Questions regarding these processes should be directed to DOLA:

Division of Local Government
1313 Sherman Street, Room 521
Denver, Colorado 80203

(303) 866-2156
www.dola.state.co.us

Contributions to the volunteer pension plan must be received at FPPA on or before December 31st in the calendar year prior to your application for matching funds.

H. Process to Affiliate Volunteer Pension with FPPA

Affiliation Process (C.R.S. 31-31-705 and FPPA Rule 604)

(FPPA is unable to affiliate volunteer plans at this time.)

FPPA provides money management services for affiliated volunteer pension plans. Volunteer fire departments can affiliate on the first of any month by completing an affiliation process which takes approximately 4-6 months to complete. In order to affiliate your volunteer pension plan with FPPA you will need to do the following:

1. Draft and execute a resolution of intent to affiliate no less than 30 days prior to the effective date. (The resolution indicates that your department is affiliating with FPPA for management services.)
2. Return executed non-binding resolution to FPPA along with a list of the plan assets.
3. The FPPA Board of Directors approves the affiliation at a regular board meeting (typically held once a month).
4. FPPA will then provide a signed Affiliation Agreement. The district board or city council must execute the Affiliation Agreement and return a signed copy to FPPA.

See FPPA Rule 604 for more detail on the affiliation process. The rules are available at www.FPPAco.org.

Transfer of Assets

Along with the Affiliation Agreement, FPPA will send the department instructions for the transfer of assets. The plan assets must be transferred as cash to FPPA. Benefits cannot be paid until the assets have been transferred to FPPA.

- **Volunteer Membership Form** – FPPA asks that all active volunteers complete a Volunteer Fire Membership Form. This form asks for basic information such as name, address, employer (meaning the volunteer fire department), and previous service. This form is necessary to establish a record with FPPA. **Terminated Vested Members who had at least 5 years of service at termination.** FPPA requests a roster of terminated members who had at least 5 years of service at termination, since they may be eligible for a partial pension payable from your plan in the future if they ultimately accrue 20 years of volunteer service in Colorado. See C.R.S., 31-30-1123 for more detail.
- **Terminated Vested Members** – FPPA may require information on Terminated Vested Members in order to be informed of the eligibility or continuing eligibility of retirees and survivors pursuant to C.R.S., 31-30-705(3)(a).
- **Pension Authorization Form** – This form verifies who at the department is authorized to sign pension forms and issue changes to the pension. This form must be updated annually.
- **Retiree Payments** – Once funds have been transferred, FPPA assumes the retiree payroll function for your plan. This also includes issuing 1099R forms following year-end. The department will need to complete the Notification of New Retiree form and submit to FPPA when requesting payroll set up for a retiree or survivor. This provides FPPA with the information on who to pay and how much.

Please refer to **Section 11(A): Affiliated Volunteer Departments of the Employer Guide** for more information about the services FPPA provides to affiliated volunteer fire departments.

I. Process to Disaffiliate Volunteer Pension from FPPA (FPPA Rule 604.05)

Any department that entered into an agreement with FPPA for the purpose of having FPPA administer and manage a pension plan for the department's volunteer firefighters may terminate such an agreement in accord with the following procedures:

1. The employer must file a resolution with FPPA of their intent to disaffiliate no less than 60 days prior to the effective date of disaffiliation. The effective date of disaffiliation shall be January 1, April 1, July 1 or October 1 whichever is next following the waiting period.
2. Provide FPPA with an Asset Transfer Letter. This letter should include the bank account information where the assets are to be transferred (including account number and routing number).
3. Provide FPPA with a Letter of Authorization. This letter provides direction as to who should receive the final accounting and member data (list of retirees or survivors currently receiving benefits, the amount of the benefit, and the bank account information for those receiving benefits).
4. Within 90 days after the effective date of disaffiliation, FPPA shall return to the employer all monies in the employer's volunteer firefighter pension fund together with the net earnings thereon. "Net earnings" means actual earnings less actual administrative expenses and expenses connected with the disaffiliation. The determination of net earnings shall be made by the FPPA Board of Directors.
5. Between the effective date of disaffiliation and the actual return of monies by FPPA, assets in the volunteer fund will accrue interest based upon the yield rate to maturity of a ninety day U.S. Treasury Bill, as published by the Western Edition of the Wall Street Journal. Monies returned by FPPA shall remain assets of the volunteer firefighter pension fund.
6. Upon the effective date of disaffiliation, the department will be liable for the payment of all benefits then vested under the volunteer firefighter pension plan.
7. Upon the effective date of disaffiliation, FPPA will be released and indemnified from all liabilities and obligations it may have with respect to the volunteer firefighter pension plan except as noted above.

This document is intended to be a plain language overview of FPPA administered plans and procedures. It should be used in conjunction with the applicable FPPA Rules and Regulations, plan documents and the Colorado Revised Statutes. Alone, this guide can only be considered a summary and not a comprehensive reference to retirement, disability and survivor benefits provided by FPPA. This plain language document is intended for informational purposes only. Official interpretations or determinations are based upon the applicable plan documents, the Colorado Revised Statutes, and FPPA Rules and Regulations that govern the plan.

