

# MINUTES

Page 1 of 2

## Board of Fire Engineers Board, Committee, Office, Etc.

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Date: September 10, 2014 Time: 6:00 P.M.  
Present: Chief Rudge, Asst. Chief Hamilton, Asst. Chief Hobin,  
Asst. Chief Gasco  
Absent: Asst. Chief Piscitelli

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Minutes from September 3, 2014 were approved. Invoices were signed. Mail was read. Account balances were reviewed.

### **LENGTH OF SERVICE AWARDS PROGRAM**

VFIS representatives Kathreen Sibol (Pennsylvania), Brad Preston (Rhode Island), and Patrick Connors (Massachusetts) met with the Board and Town Manager Bob Spain to review the Length of Service Awards Program (Plan).

Ms. Sibol thanked the Board and Town Manager for their dedication to VFIS. Millbury has one of the oldest plans in place. Chief Rudge said the Board would like to get a handle on funding the Plan and is interested in increasing the benefits. Also, this is the first time the Board has been asked how they want to fund an annuity. In the past, an annuity was automatically purchased for the person who left or retired. Highlights:

- ~ The sponsor of the Plan is listed as Millbury Fire Department. In order to comply with federal regulations, this should be changed to Town of Millbury. Mr. Preston suggested contacting Millbury's Town Counsel for their opinion. The Plan Sponsor is the plan fiduciary & decision maker.
- ~ The Town should have its own financial advisor and not rely on VFIS for guidance on whether to purchase an annuity or fund it through the plan or for other financial matters.
- ~ Ms. Sibol explained how the Plan is funded. There is never less than a 3% return on investments. Every penny put into the plan will come back to the Millbury Fire Department.
- ~ The recommended contribution is determined by the roster, the amount of the benefit (\$6.00 per year of service), and the actuarial assumptions-or what is expected to be earned and life expectancy figures. Changes to the recommendation are based on changes to any of the above.
- ~ This is not a tax qualified plan. Taxes need to be paid on any payouts.
- ~ Entitlement benefits were reviewed. Benefits are paid for death, disability, or upon reaching retirement age. The monthly entitlement benefit can be funded either by purchasing an annuity or using funds from the Plan. In recent years, the cost of an annuity has risen. It is recommended that any entitlement be paid directly from the Plan

# MINUTES CONTINUED

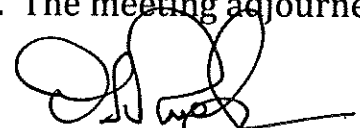
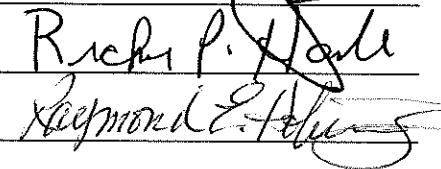
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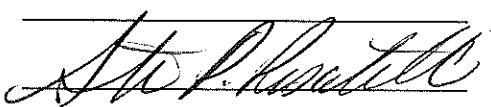
BOARD OF FIRE ENGINEERS

Page 2 of 2

- until the cost of annuities goes down. The "funded ratio" is based on whether the sponsor purchases annuities or pays entitlements from the Plan. The ratio is higher when purchasing annuities.
- ~ AIG is the company that handles annuities. Once an annuity is purchased, it is their responsibility to keep track of and pay a benefit upon reaching entitlement age.
  - ~ Going to a 10-year vesting schedule created a better gain for the funds in the Plan.
  - ~ The Board is considering setting criteria in order to earn a year of service. (Answering a percentage of calls/training or a minimum number of calls a year; using a point system). The Board would need to vote to amend the Plan's bylaws before making this change.
  - ~ There was some question about restoring credit for a member who leaves and returns years later. The Plan states that "All prior Years of Service shall be forfeited if a member terminates before they are fully vested". This affects some Plan members and will be clarified.
  - ~ The Board needs to address the issue of restoring past years of service to those who leave and return. A payout was made to one member- should he receive credit for those years again upon his return.
  - ~ The option to pay a lump sum for benefits valued at \$2500 or less should be addressed.
  - ~ Several issues with past members were discussed. If possible, the issues should be resolved or the Board should document the efforts made to resolve them.
  - ~ Overall, the Plan is in good shape. The Board should continue to monitor the "funding ratio" and additional investments should be made to increase this ratio over the next several years.

Asst. Chief Hamilton made a motion to adjourn. The meeting adjourned at 8:00 p.m.

  
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Rich P. Hoyle  
  
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Raymond E. Hoyle

  
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Steve P. Hamilton

Regina A. Markey, Clerk