

**Section 11(A) provides information for employers who have affiliated their volunteer pension plan with FPPA. This section is meant to provide basic information to assist pension boards in keeping volunteer pension plans in compliance with state statutes. While this information may be helpful to you, this is not to be considered legal advice. FPPA does not provide legal advice to volunteer plans, affiliated or non-affiliated. 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.**

### **Contents**

- A. Services Provided by FPPA
- B. Administrative Cost
- C. Investment Information
- D. Enrolling a New Volunteer Firefighter
- E. Submitting Contributions to FPPA
- F. Account Statements (Allocation Reports)
- G. When a Volunteer Retires, Leaves Active Service, or a Retiree Dies
- H. Member Information Requests
- I. Name or Address Changes
- J. State Matching Funds
- K. Hiring Paid Personnel
- L. Mergers and Consolidations
- M. Process to disaffiliate a volunteer plan from FPPA

## **A. Services Provided by FPPA**

The services provided by FPPA to affiliated volunteer pension plans are described below:

### **Payment of Retiree Benefits**

FPPA processes monthly benefit payments for volunteer retirees and distributes 1099Rs after the end of each year.

### **Actuarial Valuation Report**

An actuarial valuation report of your current plan benefit provisions is completed every other year in the odd years (e.g. 2021, 2023, 2025 etc.). 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. An actuarial study is required by statute if the board wants to set the normal retirement benefit above \$100 per month.

For an actuarial valuation to be reliable, the underlying data must be reliable as well, including the demographic information related to plan members (including terminated members who had at least 5 years of volunteer service in the plan at the time they left the department) and the detailed descriptions of current benefits. FPPA sends departments a report listing all active and retired members of the plan including dates of birth, service time, and spouses' dates of birth. For purposes of this document, spouse includes a partner in a civil union. This must be verified, and updated where necessary, by the department. Departments must complete the form requesting information on the plan benefits. Requested information must be returned to FPPA by the requested deadlines.

### **Audit Reports**

Local governments are required to provide their annual audit to the Office of the State Auditor by July 31 of each year, unless an application for exemption from audit is accepted by the State Auditor.

An independent audit is performed annually on the assets held at FPPA. As part of this process, Departments may be contacted to confirm departmental contributions and benefit payment amounts to retirees. Employer cooperation is crucial to the timely completion of these annual financial reviews.

### ***GASB Statement No. 68, Accounting and Financial Reporting for Pensions***

Beginning in 2015, district audited financial reports are required to include the Government Accounting Standards Board (GASB) regulations on Statement No. 68, Accounting and Financial Reporting for Pensions. This pension standard requires immediate recognition of the net long-term liability of future pension benefits in excess of accumulated plan assets.

According to GASB, the objective of the statement is to improve financial reporting by state and

local governmental pension plans. The standards were designed to increase transparency and comparability among accounting for pension plans, and do not address how a government should go about funding the plans.

The biggest change affects a local government's net pension liability (NPL). This is the difference between what a local government or special district owes for its pension and the assets that have been accumulated towards that pension's liability.

Information on GASB 68 is provided on FPPA's website, [FPPAco.org/employers.html](https://fppaco.org/employers.html).

### **Member Account Portal**

Retired members can view information related to their pension payments online through the FPPA Member Account Portal. To access the portal, go to [FPPAco.org](https://fppaco.org) and click on Member Account Portal (MAP).

### **Insurance Plans for Retirees**

FPPA offers retirees a variety of voluntary insurance benefits. The list of available programs is continuously being reviewed in order to provide members the best, most affordable benefits available. FPPA consults with HUB International who provides assistance to members on finding necessary health insurance service(s). Please refer to the Optional Insurance Programs brochure located within the Retiree Insurance tab of the FPPA website for more information. Retirees may contact HUB International at (303) 893-0300 in the metro area, or (888) 795-0300 toll-free nationwide. When contacting HUB International, retirees should identify themselves as a member of FPPA in order to be directed to a HUB International representative familiar with the available programs.

## **B. Administrative Costs**

The expenses of the Association are paid by the pension plans affiliated and administered by FPPA. Each plan is allocated a proportionate share of the expenses calculated in accordance with FPPA's Plan Allocation of Expenses Policy. In addition, each plan is expensed the actual costs identifiable expenses specific to a plan including actuarial costs and other plan directed expenses. Further details of these expenses is included in the Allocation Report Memo distributed to employers on a quarterly basis.

## **C. Investment Information**

### **Investment Information**

All funds invested with FPPA are pooled for investment purposes. They are accounted for separately and each employer receives individual statements for their plans. However, by pooling funds, volunteer plans benefit from the diversification and cost savings that a large investment pool can provide.

The FPPA Board of Directors, in developing investment objectives, assets allocation, and investment guidelines, recognizes that the Fire & Police Members Benefit Investment Fund includes the assets of over 200 different benefit plans, all having a different funded status. To manage these assets effectively and prudently, the FPPA Board has, in its planning process, considered and will continue to consider, all the plans' liabilities, both present and projected.

The FPPA Board's investment objective for the Fund is to "balance and prudently manage the investment needs (risks and return) of all plans participating in the Fund, including the need to eliminate current unfunded liabilities and/or to protect surpluses." The objectives may be modified based on changes in plan conditions or the nature of the capital markets. You can obtain more information about the investments, definitions of investment allocations, and objectives through the Investments link on the FPPA website at [FPPAco.org/investments.html](https://fppaco.org/investments.html).

The types of investments are governed by the standards established in the Investment Policy Statement adopted by the FPPA Board of Directors. A copy of this document is available from FPPA.

### **Money Management**

The assets in the Fire & Police Members' Benefit Investment Fund are managed primarily by professional investment management firms. FPPA's investment staff coordinates and monitors the investments and fund options, and assists the Board of Directors in the formulation and implementation of investment policies and long-term investment strategies.

## **D. Managing Volunteer Firefighter Membership**

### **Enrolling a New Volunteer Firefighter**

Employers use the FPPA Employer Portal to enroll new volunteer firefighters. The Employer will enter basic demographic information and include any previous earned pensionable years of service.

Employers will also use the FPPA Employer Portal to re-enroll a terminated volunteer firefighter.

### **Updating Volunteer Firefighter Information**

Employers should use the FPPA Employer Portal at any time to update membership. FPPA will notify employers annually to review and update membership data each January. This includes a review of both active and retired volunteer firefighters to ensure completeness and accuracy of the data including total membership, pensionable years of service and spousal information.

## **E. Submitting Contributions to FPPA**

Contributions by all volunteer departments may be sent to FPPA on a monthly, quarterly, or annual basis. Employers use the FPPA Employer Portal to report contributions for the volunteer plan. Employer contributions must be remitted to FPPA electronically (no checks) either initiated by the employer as a wire or ACH at their bank or by FPPA as an ACH Debit.

The Department of Local Affairs (DOLA) remits State Matching Funds directly to FPPA on the employers' behalf. FPPA will record these contributions and notify each department of the amount of State Matching Funds received from DOLA. Do not report State Matching Funds through the Employer Portal.

## **F. Account Statements (Allocation Reports)**

Assets are tracked separately and each department will receive a separate accounting of their local plans through quarterly and annual Allocation Reports from FPPA available on the FPPA Employer Portal. A contribution summary report is also provided detailing the contributions received during the year compared to the expected contributions for the year.

## **G. When a Volunteer Retires, Leaves Active Service, or a Retired Volunteer Dies**

### **When a Volunteer Retires**

Please notify FPPA when you have a volunteer retire so we can enroll this new retiree on the FPPA payroll system. When a volunteer retires please complete the following:

1. Report the new retiree through the FPPA Employer Portal. This must be completed by an authorized person on the Pension Authorization Form with access to the FPPA Employer Portal.
2. Retiree will need to complete various forms found in the Notification of Volunteer Fire Retiree packet available in the Employer Resources area of the FPPA Employer Portal.

Please return the signed and completed forms to FPPA using the secure link in the FPPA Employer Portal. These must be received by FPPA by the 10th of each month in order to be included in the current month's payroll. Direct deposits are made, or benefit checks are mailed on the 21st of each month.

#### **When a Volunteer Leaves Active Service**

In the event a volunteer leaves active service with enough pensionable years of service to receive a pension benefit, but has not reached 50 years of age, report the member as a new retiree following the above process, as the volunteer is eligible for a future pension.

#### **When an Active or Retired Volunteer or Survivor Dies**

It is the department's responsibility to notify FPPA of any additions, terminations, or benefit adjustments. FPPA should be notified immediately upon the death of an active member, retiree or survivor.

To begin payment of survivor benefits, the department must:

1. Complete the Death Notification of Active or Retired Volunteer Firefighter Form, indicating survivor benefits on the front of the form.
2. Sign the Death Notification of Active or Retired Volunteer Firefighter Form by a person identified on the Pension Authorization Form filed with FPPA.
3. If there are survivors or dependent children receiving benefits, the department must notify FPPA when the survivor dies or when the children become ineligible for the benefits.

Keep in mind, any benefit disbursed from the pension plan, must be approved by the pension board.

Benefits may also be payable from Worker's Compensation or the Accidental Death and Dismemberment Policy that is funded by the State and administered through the Department of Local Affairs (DOLA). For more information on these benefits, please contact DOLA directly at (303) 864-7720.

### **H. Member Information Requests**

Volunteers or their attorneys often request information about pension benefits when a volunteer or the volunteer's spouse has filed for divorce. Pension assets may be subject to a Domestic Relations Order (DRO) for division of plan assets. A DRO means a judgment, decree, or order issued by a court of competent jurisdiction relating to dissolution of marriage, legal separation, or declaration of invalidity action, under the Uniform Dissolution of Marriage Act, Section 14-10-113, Colorado Revised Statutes, as amended, and FPPA Rule 706.

Pension assets are protected from garnishment or attachment and from any order, except by the Internal Revenue Service, for payment of child support, or for division of marital assets under the Uniform Dissolution of Marriage Act on approved DRO Form. Contact the FPPA legal office for a model volunteer DRO Form.

If the volunteer, department, or attorney wants information on the pension plan benefits, they should contact the local pension board directly, not FPPA. If the volunteer wants information related to their benefit accrual released to a third party they must provide this request in writing. FPPA will release the information only to persons listed on the request.

### **I. Name or Address Changes**

Report when a volunteer changes their name or address through the FPPA Employer Portal.

FPPA communicates with the employer by maintaining an authorized contact list. The list includes names and addresses of city/district personnel designated as authorized contacts. FPPA requests updated Pension Authorization Forms annually, but they can be submitted as changes occur.

## J. State Matching Funds

### Contribution Deadline

Contributions to the volunteer pension plans must be deposited in the FPPA bank on or before December 31st in the calendar year prior to the application for matching funds to be reported accurately in the reports provided by FPPA.

### Eligibility for State Matching Funds

Please refer to Section 11: Volunteer Fire Departments of the Employer Guide for more information. You can also obtain additional information regarding state matching funds from the State of Colorado Department of Local Affairs (DOLA) or C.R.S. 31-30-1112.

## K. 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. (A member is considered full-time if they are expected to work at least 1600 hours in a calendar year as addressed below.)

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 Statewide Money Purchase Plan, the FPPA Statewide Hybrid Plan, or an alternate qualified 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 Statewide Defined Benefit Plan for full-time (or the FPPA Statewide Money Purchase Plan for part-time) clerical or other personnel employed by a fire protection district, fire authority, or county improvement district.

Please contact FPPA 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 employees 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.**

## L. Mergers and Consolidations

If your volunteer plan is considering a merger or consolidation with another volunteer plan, please contact FPPA. A merger or consolidation of volunteer plans may require new affiliation agreements, pension authorization forms, actuarial valuation report, and/or volunteer membership forms. We can assist you in determining what is required to facilitate your transition.

## M. Process to Disaffiliate Volunteer Pension from FPPA

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 summarized procedures (refer to FPPA Rule 604.05 for further descriptions):

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, unless a shorter or longer waiting period is approved by FPPA. The effective date of disaffiliation shall be the first of the month 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 currently receiving benefits, the amount of the benefit, and the bank account information for those receiving benefits).
4. Within 30 days of 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.
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 90-day U.S. Treasury Bill. 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 fund.
7. Upon the effective date of disaffiliation, FPPA will be released 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.*