

State of Maine LOSAP

Thank you Chairs Deschambault and Warren and the Committee on Criminal Justice and Public Safety for allowing me to speak about LD 1316, An Act to Attract and Retain Firefighters last March.

My Name is Frederick Brewer and I have been licensed as a CPA in the State of Maine since 2002. I perform municipal and 401k audits based out of my family's practice in Bath. I'm the fourth consecutive generation in my family to be a firefighter, specifically the fourth Brewer generation to be on the Damariscotta Fire Department. That mix of experience is why I was chosen to be the Governor's appointee to the LOSAP board.

1. Type of Plan

- a. IRC 457 plan for Deferred Compensation (other plan types are Defined Benefit plan, 401k, 403b and 457 plan)
 - i. Under MRC Title 5 Chapter 319 section 3372 This plan is a defined contribution plan
- b. LOSAP is a very specific section of IRC 457 (457 (e) 11) (see attached handout)
 - i. Specifically stated in this section that it is a "plan paying solely length of service awards to bona fide volunteers on account of "qualified services" performed by such volunteers." Qualified services under subparagraph C means "firefighting and prevention services, emergency medical service and Ambulance services."
- c. Three Different funding sources that have to be kept segregated by participant
 - i. Federal
 - ii. State – Proposed funding under LD 1014
 - iii. Municipal – At the discretion of the Selectmen/Budget Committee
- d. Last July Senator Collins submitted the Volunteer Emergency Services Recruitment and Retention Act of 2019 that will allow LOSAP's to become eligible deferred compensation plans.

2. Why a LOSAP plan and not another type of plan?

- a. Serves as an Incentive Program to encourage FF/EMS Personnel to achieve higher standards
- b. Can use the program to drive behavior and leverage the personnel that you already have trained and equipped

3. Current plan for calculation of State funded contributions: (Hand Out of Earning Service Credit Website Copy)

- a. To even Qualify you need to have completed the annual Bureau of Labor Standards Trainings:
- b. Calculation of contribution is weighted based on the following three criterion with the following reasons the board thought the items were important:
 - i. Attendance at Training Sessions (35 Pts)
 1. Important to be properly trained
 - ii. Attendance at Fire Calls (55 pts)

1. We want people attending calls because that is where they are needed
 2. No differentiation between interior FF and Traffic Control. Everyone helps out at calls and fills roles to accomplish the department's goals.
 - iii. Attendance at Regular Fire Meetings (10Pts)
 1. Means that the FF is informed of current events
 - iv. No contributions were included for items like work around the station, fire prevention activities and community outreach/fundraising events. We thought that contributions for these items would be best put into the hands of the chief to determine these types of contributions. The board felt that it would get too complicated to keep track of those individual items.
 - c. Contributions are calculated based on each individual department's attendance, you are not competing against other departments for a contribution from the state. You are competing against the maximum totals for training, calls and meeting attendance at your department. **(Hand Out DFD Service Credit Calculation)**
4. **Damariscotta Fire Department Trends**
- a. Turnover of Firefighters over the last thirty years
 - b. Demographics of Department Membership
 - c. Mutual Aid Response
5. **What is the \$2.5M funding going to cover?**
- a. Administrative Costs (Based on 4,000 participants)
 - i. TPA services
 - ii. Investment Services
 - iii. Audit Services
 - iv. Website
 - b. Participant Contributions
 - i. Wisconsin Plan Handout
 1. Contribution based on \$250 per participant **(See Handout from Wisconsin RFP)**

I would be happy to answer any questions the Committee Members have about the LOSAP program and why this program is so vital to help Maine's First Responders. You can also go to our website mainelosap.gov for more information about the program.

Thank you again for giving me the time to speak in support of LD 1316.

Sincerely,

**Frederick Brewer, CPA
LOSAP Board of Directors**