



SERVICE AWARDS FOR VOLUNTEER FIRE FIGHTERS AND EMERGENCY MEDICAL TECHNICIANS

1999 Wisconsin Act 105, passed by the legislature and signed by Governor Thompson on April 25, 2000, created a service award program for volunteer fire fighters and emergency medical technicians (EMT). The program offers a type of pension plan to reward volunteers for their length of service to a community, and, to the extent possible, the awards will be designed as a tax-deferred benefit under the Internal Revenue Code. Under the plan, participating municipalities make contributions to the individual's account, and the state matches the amount, up to a specified annual limit. The program is scheduled to begin operation during the state's 2001-02 fiscal year, which starts on July 1, 2001.

SERVICE AWARD BOARD

The program will be administered by the Volunteer Fire Fighter and Emergency Medical Technician Service Award Board, which is attached to the Department of Administration (DOA) under Section 15.03, Wisconsin Statutes. Board members include the Secretary of Administration, or the secretary's designee, and the following seven members, appointed by the governor for staggered 3-year terms:

- One volunteer fire fighter who is a member of a statewide organization that represents fire chiefs.
- One volunteer fire fighter who is a member of a statewide organization that represents volunteer fire fighters.
- One volunteer EMT.
- Three representatives of municipalities that operate volunteer fire departments or contract with volunteer fire companies.
- One member with experience in financial planning.

In appointing the members, the governor must seek representation from different regions of the state and from municipalities of different sizes.

Program Administration. The board is required to promulgate administrative rules for the operation of the service awards program. It certifies qualified private individuals or organizations and contracts with them to provide investment plans and administrative services for the program.

The board must establish procedures for appeal of decisions by DOA or plan providers that substantially affect the interests of individual participants. It is also required to submit annual reports to the legislature. The Legislative Audit Bureau must complete a performance evaluation audit of the program by February 1, 2006.

MUNICIPAL AND STATE CONTRIBUTIONS

Any city, village, or town that operates a volunteer fire department, contracts with a volunteer fire company, or authorizes volunteer EMTs to provide emergency medical services in the municipality is eligible to participate in the service award program. The contributions

made by the state and the municipality on the volunteer's behalf are paid directly to the plan provider selected by the community from among those under contract to the service award board.

Municipalities may annually contribute whatever amount they wish to an individual's account, but the state's match is limited to the figure legally allowed for a particular year. The initial maximum state match will be \$250 per account per year, but the limit will be adjusted annually for inflation.

The law created a cap on the state's participation by stipulating that the total appropriation for matching funds cannot exceed \$2 million in any fiscal year. If the appropriated amount is insufficient to fully match municipal contributions in a particular fiscal year, the board will prorate the funds available among all eligible accounts.

ELIGIBILITY AND PAYOUT RULES

Full and Partial Awards. All service awards are paid in a lump sum or another manner specified by the board, such as an annuity. Full awards will be paid to participants who have served at least 20 years and attained the age of 60. The amount of the award consists of all municipal and state contributions made on behalf of the participant and all earnings on the contributions, less any expenses incurred by the investment plan administrator.

Partial awards will be paid out to vested participants who have less than 20 years of service for a municipality when they reach age 60 or who have 20 years of service but wish to receive their awards prior to reaching age 60. (Generally, volunteer fire fighters and EMTs must serve 10 years before they are vested in the program.)

Purchasing Additional Years of Service. Municipalities may purchase additional years of service to be counted for vesting purposes on behalf of participants who have at least five years of service. The number of additional years purchased may not exceed the number of years of service actually performed by the participant for that municipality.

Awards for Deceased or Disabled Participants. If a volunteer dies in the line of duty, the designated beneficiary will be entitled to the participant's full award. Participants who become disabled during their period of service are eligible for an award in an amount to be determined by the board. The law does not state explicitly whether the disability must be duty-related.

Forfeited Accounts. A nonvested individual forfeits all accrued years of service under the program if he or she ceases providing services for a municipality for a period of six months or more, unless granted an official leave of absence. Money in closed or forfeited accounts will be allocated by the board to the accounts of active participants.

FOR MORE INFORMATION

For information about the service award program, contact the Department of Administration at (608) 261-6580.

Copies of 1999 Wisconsin Act 105 or Sections 13.94 (1) (q), 15.105 (26), 16.25, 20.505 (4) (ec), and 20.505 (4) (er), Wisconsin Statutes, may be downloaded at <http://www.legis.state.wi.us/1999/data/acts/99Act105.pdf> or obtained by calling the Legislative Reference Bureau at (608) 266-0342.