

Length of Service Award Programs

In General

Length of Service Award Programs (LOSAP) are pension-like programs administered at the local level that are used as an incentive for the recruitment and retention of volunteer firefighters and emergency medical services (EMS) personnel. Currently, all but three of the major jurisdictions in the State administer LOSAPs, the exceptions being Dorchester and Wicomico counties. Baltimore City's fire department is entirely a professional entity and firefighter pensions are administered by the city's Fire and Police Employees' Retirement System. A small number of municipalities in the State also have LOSAPs for their fire and EMS volunteers, including Ocean City, Salisbury, Easton, and St. Michaels. The statutory authority for the LOSAPs that are administered by counties is listed in **Exhibit 1**.

LOSAPs are locally funded out of the general operating budget, the dedicated fire-rescue tax, or an annuity. Contributions made by the local government into a LOSAP plan on behalf of a volunteer are income tax deferred under federal and State tax laws. Under federal income tax law, § 457 of the Internal Revenue Code specifies the requirements that must be met by deferred compensation plans sponsored by governmental employers in order for taxation to be deferred until the plan beneficiary actually receives benefits under the plan (rather than at vesting when the benefits are "constructively received" or made available to the volunteer). Although LOSAPs are technically deferred compensation plans, they are unique in that they are administered on behalf of volunteers who receive little or no compensation, and would therefore almost always fail to satisfy the § 457 requirements. Section 457(e)(11) therefore specifically excludes LOSAPs from those requirements, assuming certain criteria relating to volunteer status and annual accrual amounts are satisfied, and LOSAP benefits are not includible in the volunteer's gross income until they are paid out to the volunteer. In addition, benefits from qualifying LOSAPs are not considered "wages" for FICA tax purposes. Under State law, § 10-207(g) of the Tax – General Article specifically excludes (in the form of a subtraction modification) LOSAP payments from State income taxation.

LOSAP Benefits

Generally

In operation, LOSAPs pay eligible volunteers (at least one year of certified active service) cash benefits when the volunteer reaches the prescribed entitlement age and logs the required number of active service years. Entitlement age ranges from the age of 50 in Anne Arundel, Calvert, and Howard counties to a high of 65 years of age. In addition, most county LOSAPs pay some measure of benefits if a volunteer dies or becomes disabled before reaching the entitlement age.

After a specified number of years of certified active service, which is 25 years in most counties, an eligible volunteer may receive a monthly benefit payment ranging from \$50 in Somerset County to a high of \$478 in Howard County, although some benefits are subject to a monthly or annual cap. For a more specific illustration of LOSAP benefits in each of the counties, see **Exhibit 2**.

Active Service Points

Active service for purposes of eligibility for LOSAP benefits is determined by a point system that credits volunteers for specified activity. LOSAP plans also award points, subject to a calendar year maximum, to volunteers who are prohibited from performing their duties because of a pending workers' compensation claim.

Depending on the county, a volunteer must earn anywhere from 50 to 60 points in a calendar year to qualify as an active volunteer member for that year. In Calvert County, for example, points must be earned in at least four of the following seven categories: approved training courses, company or county drills, official meeting attendance, responses to calls of duty, completion of a one-year term of office in any of the county's fire or rescue service organizations, hours of collateral duty, and military service.

Typically, volunteer fire companies are tasked with recordkeeping and the certification of their volunteers' active service points and are required to report that information periodically to the local fire or emergency services department, or other designated agency. Volunteers are afforded the right to appeal the number of certified points when that number is in dispute and LOSAP rules describe the procedures for the appeals process.

Reduced Benefits

Nine counties offer reduced benefits to volunteers who reach the entitlement age but fail to acquire the required number of active service years. For instance, in Prince George's County, an eligible 70-year-old volunteer with at least 10 years of active service is entitled to a monthly benefit of \$8 multiplied by the number of years of certified active service. Therefore, if the volunteer has 15 years of active service, the volunteer may receive \$120 per month for life, compared to \$350 in monthly payments that a 55-year-old with 25 active service years would receive.

Survivor's Benefits

All but nine counties offer survivor benefits to surviving spouses. If an eligible volunteer dies while receiving benefits (or prior to receiving benefits assuming the required number of active service years has been met), the volunteer's surviving spouse is entitled to a certain amount of benefits ranging from 50% to 75% of what the volunteer was entitled to receive. This benefit terminates upon the death or remarriage of the spouse. In Calvert County, if an eligible volunteer dies leaving no surviving spouse, an alternate beneficiary may receive 50% of the deceased volunteer's benefits until the earlier of either 10 years of benefits, the beneficiary's marriage, or the beneficiary's death.

Burial or Death Benefits

In all but five counties, when an eligible volunteer dies having completed the minimum number of active service years, a burial or death benefit may be payable to the surviving spouse or designated beneficiary. Cecil, St. Mary's, and Washington counties restrict these benefits to cases in which the volunteer dies in the line of duty.

Disability

In 15 of the 21 counties that administer LOSAPs, eligible volunteers that become disabled while performing firefighter or EMS duties may be entitled to LOSAP benefits, regardless of age or years of active service. A disabled volunteer qualifies for disability benefits if the disability prevents the volunteer from pursuing his or her normal occupation and if the disability is certified as permanent in nature.

Tuition Assistance

Montgomery and Frederick counties offer some form of tuition assistance or reimbursement for LOSAP participants.

Exhibit 1
Length of Service Award Programs
Statutory Authority

<u>County</u>	<u>Statutory Authority</u>
Allegany	Allegany County Code, Chapter 146, Article I, § 146-3D(7)(c) ¹
Anne Arundel	Anne Arundel County Code, Article 12, Title 1, Subtitle 3, § 12-1-301 et seq.
Baltimore	Baltimore County Code, Article 14, Title 4, § 14-4-101 et. seq.
Calvert	Public Safety Article, § 7-208; Public Local Laws of Calvert County, Title 14, Subtitle 1.
Caroline	Caroline County Code, Chapter 107, Article II ²
Carroll	Public Local Laws of Carroll County, Title 3, Subtitle 2, § 3-206(b) ³
Cecil	Public Safety Article, § 7-209; Cecil County Volunteer Length of Service Award Program (VLOSAP) By-Laws
Charles	Public Safety Article, § 7-210; Public Local Laws of Charles County, Chapter 54, Article II, § 54-8 et seq.
Frederick	Public Safety Article, § 7-211; Resolution 84-45, 87-31, and 09-04, Frederick County Board of County Commissioners
Garrett	Public Local Laws of Garrett County, Title III, Chapter 32, §§ 32.01 and 32.90 ⁴
Harford	Harford County Code, Chapter 28, Article I, §§ 28-1 through 28-9
Howard	Howard County Code, Title 17, Subtitle 1, § 17.103
Kent	Kent County Code, Chapter 33, § 33-1C(1)
Montgomery	Montgomery County Code, Chapter 21, § 21-21
Prince George's	Prince George's County Code, Subtitle 11, Division 6, § 11-328 and 11-329 ⁵
Queen Anne's	Queen Anne's County Code, Chapter 21, Article I, § 21-5
St. Mary's	Public Safety Article, § 7-212; St. Mary's County Code, Chapter 181, §§ 181-1 et seq.
Somerset	Public Safety Article, § 7-212.1; Somerset Board of County Commissioners, Resolution # 1098 (eff. 07/01/2015)
Talbot	Talbot County Code, Chapter 182, § 182-1 et seq.
Washington	Public Safety Article, § 7-213; Volunteer LOSAP Manual ⁶ adopted by Board of County Commissioners on 9/26/2000
Worcester	Worcester County Code, Title PS1, Subtitle 1, § PS 1-109 ⁷

¹ LOSAP policy found on website for Allegany County Government, Department of Emergency Services.

² LOSAP manual entitled "Caroline County Commissioners, Volunteer Fire Service Length of Service Award Program (LOSAP)".

³ LOSAP guidelines found on the Carroll County Volunteer Emergency Services Association website (members only).

⁴ LOSAP guidelines found at <https://www.garrettcountry.org/resources/emergency-services/pdf/LOSAP-Program.pdf>.

⁵ LOSAP Standards and Procedures Guide found at <http://firecommission.com/files/2015/07/LOSAP-Manual-Approved-20150715.pdf>.

⁶ LOSAP manual found at <http://www.wcvfr.org/losap.pdf>.

⁷ LOSAP plan found at <http://www.co.worcester.md.us/website/sites/default/files/departments/hr/LOSAPPLANAMMENDEED2006.pdf>

Exhibit 2
Length of Service Award Programs
Benefits

County	Age	Years of Active Service	Monthly Benefits ¹	Maximum Monthly Benefits	Survivor Benefits	Burial/Death Benefits	Disability
Allegany	60	10	\$70 + \$7	\$105	None	Death benefit = present value of accrued benefits	Yes
Anne Arundel	50	25	\$250	\$250	\$150/month	None	Yes
Baltimore	60	25	\$290	\$290	None	Up to \$5,000 burial benefit; ² \$200 death benefit for line of duty death only	Yes
Calvert	50	25	\$400 + \$10	None	50%	Up to \$6,000	Yes
	70	< 25	\$8 × years of service	None	None	\$240 × years of service	
Caroline	65	25	Starting at \$135/month ³	\$165	50%	None	No
Carroll	60	25	\$125 + \$8	None	None	\$5,000 (w/15 years active service)	No
Cecil	55	25	\$300 + \$6	\$600	50% and, if applicable, \$100/month for line of duty death	\$1,000 death benefit for line of duty death	Yes
	70	< 25	Reduced benefit				
Charles	60 ⁴	25	\$250 + \$10	None	75%	\$5,000 ⁵	Yes
	70	< 25	\$10 × years of service				

Exhibit 2 cont.

County	Age	Years of Active Service	Monthly Benefits	Maximum Monthly Benefits	Survivor Benefits	Burial/Death Benefits	Disability
Frederick	65	25	\$200	\$200	None	Varies; \$15,000 cap	No
Garrett	60	25	\$100 + \$4	\$175	50%	\$3,000	No
	70	< 25	\$4 × years of service		None	None	
Harford	55	25	\$300 + \$6	\$450	50%	\$5,000	Yes
	70	> 10 and < 25	\$12 × years of service				
Howard	50	25	\$478 ⁶ + \$10	varies ⁷	None	\$5,000 burial + death benefit equal to 6 months LOSAP payment	No
Kent	65	25	\$6 × years of service	\$150	None	None	Yes
Montgomery	varies ⁸	25	\$230 + \$11.50	\$345	50%	\$5,000	Yes
	60	15	\$138 + \$9.20	None			
	65	10	\$92 + \$9.20	None			
Prince George's	55	25	\$350 ⁹ + \$8	None	50%	\$10,000/\$20,000 if death in line of duty + \$5,000 additional death benefit	Yes
	70	> 10	\$8 × years of service				
Queen Anne's	65	25	\$6 × years of service	\$150	None	None	Yes
St. Mary's	60	20	\$200 + \$8	None	50%	\$2,500 (for line of duty death only)	Yes
	55	20	\$150 + \$8				
	70	< 20	\$8 × years of service + \$8 per year of service after 70				

Exhibit 2 cont.

County	Age	Years of Active Service	Monthly Benefits	Maximum Monthly Benefits	Survivor Benefits	Burial/Death Benefits	Disability
Somerset	62	20 (ambulance)	\$50	None	None	None	No
		25 (firefighter)					
Talbot	62	25	\$175	None	100% (line of duty death only)	\$5,000	Yes
Washington	62	25	\$200 + \$15; or actuarial equivalent	\$350	\$150 - \$262.50	\$4,000 (for line of duty death only)	Yes
	70	< 25	\$8 × years of service; or actuarial equivalent				
Worcester	60	25	\$ per annual contribution plan ¹⁰	\$6,000 total award	None	\$3,000 + balance of award payments due	Yes

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¹ Base \$ amount + \$ amount for each year of certified service above the minimum.

² Benefits not subject to minimum active service years requirement.

³ Eligible Auxiliary members receive a reduced benefit, starting at \$54/month.

⁴ Eligible members may elect to receive early/reduced benefits at 55 years of age, provided they meet the 25 years of certified service requirement.

⁵ Benefits awarded due to death in the line of duty are not subject to minimum active service years requirement.

⁶ Base amount equals 1% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services per month for life.

⁷ Base payment may not exceed the amount accumulated through an accrual of \$3,000 per year plus 5% annual earnings (see Internal Revenue Code, § 457(e)(11)(B)(ii)).

⁸ Age 55 with 25 years of certified service before 1996 or any age with 25 years of certified service after December 31, 2003.

⁹ Monthly benefits increased to \$375 in fiscal 2017, \$400 in fiscal 2018, and \$450 in fiscal 2019 and beyond.

¹⁰ Benefits equal to the total of annual contributions made on behalf of the volunteer plus investment earnings.