

I would like to give you a little history of the Volunteer Firefighters Compensation Act

- Enacted in 1965
- Funding was the fire insurance premium fund
- Could not pay a benefit until the fund grew to \$1 million
- After that the benefit was a flat \$100 per month
- Change made so benefit would based on growth of fund. Benefit went from a high of \$120 to a low of \$71.
- In 1994 the Volunteer Firefighter ask if there was a way to be able to fund the system and set the benefit at flat dollar amount.
- With the 1995 legislative session we set the benefit amount at \$100 per month and began to actuarially fund the system based on the money coming into the system.
- The 2001 Legislative Session increased the benefit to \$150 per month
- The 2003 Legislative Session provided a provision to receive additional service credit after attaining age 55 and 20 years of service.

I would like to explain how the Volunteers Firefighters Compensation Act is designed.

- It is a non-contributory plan for volunteer firefighters in departments formed in unincorporated areas of Montana.
- VFCA established in 1965.
- This system is funded from the insurance tax premium money collected. The VFCA receives 5% of money collected each year.
- The retirement provided is after completed 20 years of service and are at least 55 years of age you will receive \$150 per month. The plan also provides a survivorship benefit of \$6,000.
- Actuarial Value of Assets     \$20.1 Million
- Actuarial Accrued Liability   \$28.7 Million
- Unfunded AAL                     \$ 8.6 Million
- Funded Ratio                       69.94%

What does this bill change in the Volunteer Firefighter's Compensation Act?

- It would allow retired member who is receiving a full pension (20yrs of service and age 55) to return to service with the volunteer fire department without loss of benefits. They would not earn additional service but would continue to receive their monthly benefit.
- The second change this bill is attempting is to eliminate the age 55 requirement to receive additional service credit after 20 years of service.

Under the current law a member can earn more than 20 years of service if they meet the required criteria. On or after July 1, 2003 when this provision was enacted requires the member to be both age 55 and have at least 20 years of service. For each additional year of service put in the member would increase their retirement benefit by \$7.50 per month. Upto a maximum of 10 years of additional service.