



Firefighters' Relief Fund

A Complete Guide

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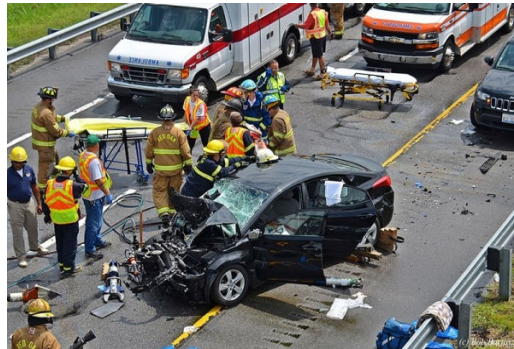
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YOUR DEPARTMENTS FIREFIGHTERS' RELIEF FUND

Overview

The **Firefighters' Relief Fund (FRF)** was established in 1907 to financially assist firefighters that are injured while performing their duties, and to insure that no firefighter would become financially destitute through no fault of their own. The FRF has seen several legislative revisions over the course of its history. Some of these added additional uses for the fund and recent changes placed additional guidelines on the fund. The FRF laws are found under G.S. 58-84 and G.S. 58-85. Laws that govern your departments use of the FRF are concentrated in G.S. 58-84.



The FRF is funded by a portion of the Gross Premium Tax (GPT) (G.S. 105-228.5(d)(3)) on insurance policies containing fire and lightning protection, as well as certain automotive policies. Of the total GPT collected, 20% is dedicated to the FRF. The fund is distributed by the Commissioner of Insurance to local firefighter relief funds (**LFRF**) annually. The amount each department receives is based upon several calculations. Each County is allocated an amount based on the amount received the previous year. If the total amount to be allocated statewide during the current year is above or below the amount distributed the previous year, the adjustment allocated to each county is based on the population of the County as compared to the overall State population. Once the County

distribution amount is determined, the amount the County is allocated is divided between the eligible departments within the County by the amount of property tax covered. For example, if your Department protected 17% of the property within your County, your LFRF check would be for 17% of the County allocation. The checks from the Commissioner are mailed out after the beginning of each budget year in July or early August to eligible departments. Amounts designated for departments who are not eligible for distribution for reasons described in this pamphlet create the State Firefighters' Relief Fund. This fund helps provide Line of Duty Death and Accidental Death and Dismemberment insurance to firefighters of all eligible departments across the State. The fund also provides scholarships to firefighters and their dependent children.

Since the FRF laws remained virtually unchanged until the 1950's, several department's LFRF across the State got laws passed at the State level to allow them uses for their fund that were not allowed by Article 84 at the time. There are currently over 50 local bills of this nature. Due to changes in Article 84 of the General Statutes since 1950, most recently 2014, most of the provisions used in local laws are now allowed in Article 84, rendering many local laws obsolete and the necessity for new ones non-existent. Changes in the 2014 legislative session also rendered several components of existing local laws repealed, such as interest only spending limits, or fund uses not otherwise found and allowed in GS 58-84. The new provisions of the law allow increased flexibility to utilize the funds for the benefit of firefighters across the State.

Requirements

To be eligible to receive funds for a LFRF, the fire department must follow several guidelines.

1) It first must be a rated department by the Commissioner of Insurance; and **2)**, a member of the NC State Firefighters' Association (GS 58-84-1).

3) Next, it must appoint a **Local Relief Fund Board (LRFB)** consisting of five members (GS 58-84-30): two members serving at the pleasure of the fire department elected by the membership who are qualified as beneficiaries of the fund; two of whom shall be elected or appointed by the Mayor, Board of Alderman, or City Council if it is a municipal department, or other local governing body to serve at their pleasure, or, if it is a non-municipal department, two appointed by the County Commissioners to serve at their pleasure; and one appointed by the Commissioner of Insurance. If the local fire chief is not one of the members appointed, they shall serve as ex-officio members of the local Board. The **Local Relief Fund Board (LRFB)** shall then elect a Chairperson, Treasurer, and Secretary. The Secretary and Treasurer may be the same person.

The funds received from the Commissioner of Insurance shall be maintained by the Treasurer in a separate and distinct fund, the balance and use of which shall be reported annually to the NC State Firefighters' Association. Each year a good and sufficient surety bond must be purchased equal to the amount held, but in most cases the Commissioner of Insurance purchases one bond for all Local FRF accounts each year. Unless advised differently by the NCSFA annually, a LRFB Treasurer may assume a statewide bond has been purchased.





The LRFB shall manage the local funds as prudent trustees of the fund as listed in Chapter 36E of the NC General Statutes. Relief Fund board members should review these requirements completely, but basically it requires that they:

- (a) In managing and investing the fund, the LRFB shall consider the purposes of the fund and the uses allowed by law in making their decisions.
- (b) Each person responsible for managing and investing the fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- (c) In managing and investing the fund:
 - (1) The fund may incur only costs that are appropriate and reasonable in relation to the assets, the purposes of the fund, and the skills available to the LRFB; and
 - (2) The LRFB shall make a reasonable effort to verify facts relevant to the management and investment of the fund.
- (d) Except as otherwise provided within the relief fund law, the following rules apply:
 - (1) In managing and investing the fund the following factors, if relevant, must be considered:
 - a. General economic conditions;
 - b. The possible effect of inflation or deflation;
 - c. The expected tax consequences, if any, of investment decisions or strategies;
 - d. The role that each investment or course of action plays within the overall investment portfolio of the fund;
 - e. The expected total return from income and the appreciation of investments;
 - f. Other resources for the fund;
 - g. The needs of the fund to make distributions and to preserve capital; and
 - h. An asset's special relationship or special value, if any, to the allowable purposes of the fund.
 - (2) Management and investment decisions about the fund must be made not in isolation but rather in the context of the fund's portfolio of investments as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the fund.
 - (3) Except as otherwise provided by law other than this Chapter, a LRFB may invest in any kind of property or type of investment consistent with this section.



- (4) The LRFB shall diversify the investments of the fund unless the LRFB reasonably determines that, because of special circumstances, the purposes of the fund are better served without diversification.
- (5) Within a reasonable time after receiving funds, the LRFB shall make and carry out decisions concerning the retention or disposition of the funds or to rebalance a portfolio in order to bring the fund into compliance with the purposes, terms, and distribution requirements of the FRF as necessary to meet other requirements of the FRF laws.
- (6) A LRFB member that has special skills or expertise, or is selected in reliance upon the person's representation that the person has special skills or expertise, has a duty to use those skills or that expertise in managing and investing of the funds.

(e) Subject to the intent of the fund, the LRFB may appropriate for expenditure or accumulate so much of an endowment fund as the relief fund law allows for the uses, benefits, purposes, and duration for which the fund is established. In making a determination to appropriate or accumulate, the LRFB shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

(f) Subject to any specific limitation set forth in the FRF law, a LRFB may delegate to an external agent the management and investment of the fund to the extent that an institution could prudently delegate under the circumstances. The LRFB shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in;

- (1) Selecting an agent;
- (2) Establishing the scope and terms of the delegation, consistent with the purposes of the fund; and
- (3) Periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the scope and terms of the delegation.

(g) In performing a delegated function, an agent owes a duty to the LRFB to exercise reasonable care to comply with the scope and terms of the delegation.

(h) By accepting delegation of a management or investment function from the LRFB, an agent submits to the jurisdiction of the courts of this State in all proceedings arising from or related to the delegation or the performance of the delegated function.

GS 58-84-60 also provides immunity to members serving on the LRFB individually from civil liability for monetary damages as long as they are acting within the scope of their responsibility in good faith, have not acted with gross negligence or wanton misconduct, and not derived any improper personal financial benefit.



4) The LRFB must keep a correct and accurate account of all monies received and dispersed by them, including annual distributions, interest, and holdings, **and report same to the NCSFA annually. (GS 58-84-40)**. This accounting shall include all monies received and disbursed, all interest earned, and include all monies allocated to the fund for any use. The report must also include with the listing of disbursements the amount disbursed in each allowable expenditure, and the number of firefighters impacted by each disbursement. **These items must be reported to the State Firefighters' Association, in a format prescribed by them, by October 31st of each year. Failure to do so will forfeit the payment the LRFB will receive the following year.**

5) The LRFB, after July 1, 2014, shall not redirect any funds received for the LRFB or interest gained on the existing fund to any other account. This includes those LRFB's that have local laws, regardless of the provisions of the local law (G.S. 58-84-65).

6) Beginning December 1, 2017 and each year thereafter, the Fire Chief shall submit a Relief Fund Board of Trustees report (previously known as the Report of Fire Conditions) to the NCSFA between December 1st and January 15th. Failure to do so by January 15th will forfeit your relief fund payment from the Department of Insurance during the next fiscal year.

7) The LRFB shall insure that all uses of the fund are allowable under the NC General Statutes described below.

8) No LRFB managing local relief funds may be limited to interest only spending, regardless of the provisions of a local relief fund law. (G.S. 58-84-35(d))

Allowable Uses of the Local Relief Fund

The relief fund law remained virtually unchanged until 1950, and then was given additional allowable uses in 1987. In 2014, the NC General Assembly expanded the allowable uses of the LRFB to promote its use. There are basically two groups of uses currently allowed by law. (G.S. 58-84-35) The first group of uses involve line of duty incidents and does not require approval by the NCSFA beyond the decision of the LRFB. The second group of uses are more flexible, but require approval of the Executive Director of the NC State Firefighters' Association after approval of the LRFB.

Uses Controlled by the LRFB

The following uses are allowable after the LRFB has reviewed and approved them:

- 1) To assist financially any firefighter in active service for a sickness or injury contracted in the line of duty. The amount is dependent on need and availability of funds as determined by the LRFB upon review and the annual earning capability of the individual.
- 2) To provide reasonable support to family or dependents of a firefighter who may lose their life in the line of duty by accident or sickness. The amount is dependent on need and availability of funds as determined by the LRFB upon review and the annual earning capability of the individual.
- 3) To pay premiums in the Fraternal Insurance Fund of NC if the firefighter is a member and the LRFB has determined the firefighter cannot pay for reasons of disability.
- 4) To cover necessary management and investment costs that are reasonable and appropriate in relation to the assets, purpose, and financial security of the local Firefighters' Relief Fund.



Uses Controlled by the LRFB but Requiring Approval of the NCSFA Executive Director

The following uses are allowable after the LRFB has reviewed and approved them, and a request is made and approval given by the Executive Director of the NC State Firefighters' Association. The reason for the review and approval of the NCSFA Executive Director is to insure it is an allowable use, the fund is "financially sound" or stable, and the use will not reduce the funds to an extent where they would not be available for uses 1), 2) and 3) above.

- 5) If a firefighter becomes financially destitute, the LRFB can request the use of funds to be used to assist the firefighter. The firefighter must have served honorably as determined by the local relief fund board. Destitution must be through no fault of the firefighter (i.e. gambling, poor investments, reckless spending, unwillingness to work, etc., would not be considered), and is defined as the inability to provide basic provisions to themselves or their families. Such basic provisions include but are not limited to, assistance with housing, vehicle or commuting expenses, food, clothing, utilities, medical care, and funeral expenses. The amount is dependent on need and availability of funds as determined by the LRFB upon review and approval of the Executive Director.

- 6) Upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association, the payment of monthly assessments in the NC Firefighter's and Rescue Workers Pension Fund is allowed.
- 7) Upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association, the payment of workers compensation premiums are allowed, including those to the Volunteer Safety Workers Compensation Fund.
- 8) Upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association, the payment of premiums for other types of insurance and pension protection for firefighters. For example, dues to the NC State Firefighters' Association, the NC Association of Fire Chiefs, or the National Volunteer Fire Council are allowed since these three associations provide LODD, A&D, and scholarship programs for firefighters otherwise eligible for relief fund benefits.
- 9) Upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association educational benefits to firefighters and their dependents are allowed. These are generally in the form of scholarships that allow application and a fair access to all members and dependents.
- 10) Upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association, annual physicals that are required for firefighter positions by the Department of Labor, or recommended by the National Fire Protection Association. While not intended to supplement fire department operational costs, this is intended to help insure that firefighter safety is paramount and that necessary physicals may be given in the absence of available fire department funding.
- 11) One of the most complex uses of the fund, upon approval of the LRFB and a request made and approval given by the Executive Director of the NC State Firefighters' Association, is the use of relief fund monies for a supplemental retirement fund. This requires significant planning and future projections, a stable fund balance, and other controls requiring more detailed review. It is addressed in more detail in a following section "**Establishing and Maintaining a Supplemental Retirement Program within Your Local Relief Fund**".



The request for approval from the NCSFA Executive Director to utilize local funds must be submitted in writing (email, letter, fax), must be approved by the LRFB first, and the LRFB must provide any detail needed by the Executive Director to make the decision. Examples of information needed for submittal include, but may not be limited to:

Type of Proposed Use and if the Use is Repetitive

Amount to be used (once or annually)

Name of Individual firefighter(s) affected (if years of service eligibility need to be verified)

Dates of LRFB Approval and Dates of Implementation

Projections on future needs for the same use (i.e. scholarships)

Request for Supplemental Retirement Programs require a more involved format.



Financially Sound Balance and Maximum Balances

In the 2014 session of the General Assembly, the relief fund law under GS 58-84 was amended to establish a recommended calculation for local relief funds in determining financially sound, and a required maximum on the balance of the fund. (G.S 58-84-35)

Calculated Balance Recommended for Financially Sound Decision

The purpose of establishing a “financially sound balance” was to make LRFB’s more comfortable with the amount they needed to retain, since in the past many held large sums because the law did not provide any guidance and as such, funds were not being put to use. Establishing a recommended balance calculation should take the pressure off LRFB’s who were concerned about not having enough funds on hand to handle a catastrophe. The second reason was to provide the Executive Director of the NC State Firefighters’ Association with better guidance to make the determination of “financially sound” in approving benefits requested by the LRFB. It should be understood completely that a local relief fund does not have to have the calculated minimum balance to exist. In fact, many local FRF’s do not have the calculated minimum balance.

The recommended calculation for “financially sound” is \$500 per member of the department listed on the roster as of January 1st each year reported to the NCSFA, or \$20,000, whichever is greatest. In order to utilize specialized uses (**Numbers 5 – 11**) of the fund listed under “**Uses Controlled by the LRFB but Requiring Approval of the NCSFA Executive Director**” previously discussed, the local fund should be able to maintain this balance by being capable of making similar payments to any of these uses for a period of five years without dropping below the calculated minimum. The capability of making these payments would not only include the balance of the fund, but interest earned and annual receipts. This balance does not affect line of duty uses (**Number 1 – 4**) under “**Uses Controlled by the LRFB**”, since these are the primary and founding uses of the fund. The recommended minimum can be used by the LRFB as an evaluation tool in determining amounts distributed, as well as current and future uses of the fund.

Maximum Fund Balance

(Maximum Fund Balances takes affect July 1st, 2015, but LRFB’s need to understand the changes and begin planning now.)

In the 2014 legislation, the General Assembly created a maximum amount a local relief fund could retain in their account and still receive annual distributions. (G.S. 58-84-33) Simply stated, a LRFB that has more than the calculated maximum balance at the time of their annual financial report to NCSFA will not receive their annual check or allocation the following year. This was created to promote the use of funds for allowable uses, rather than the retention of funds. Simply stated, if what you have is not being used, the legislature felt it wasn’t necessary to provide more. There is an exception to the ‘maximum fund balance’ if the LRFB is providing, or has approved plans by the NCSFA to provide, a supplemental retirement plan. Monies set aside for an approved supplemental plan can be exempted from the maximum by NCSFA if such dedicated amounts are necessary and used solely for the supplemental plan. This will be discussed below in “**Establishing and Maintaining a Supplemental Retirement Program within Your Local Relief Fund.**”



In the event the LRFB exceeds the maximum amount in their local fund, the money that would have gone to the ineligible department will be distributed to eligible departments in that county during the next distribution. The maximum amount is calculated by the total number of members on the roster on January 1 each year submitted to the NCSFA multiplied by \$2,500 per member. For example, if the roster submitted to the NCSFA earlier this year had 110 members, then 110 multiplied by



\$2,500 comes to \$275,000. This becomes the maximum amount you can have in your relief fund balance when you report in October and still receive the annual check from the Department of Insurance next year during distribution. With the added uses of the fund described above, LRFB's should find ways to put the money to use, or discuss the possibility of a supplemental retirement and pension plan with the NCSFA.

Establishing and Maintaining a Supplemental Retirement Program within Your Local Relief Fund

Supplemental Retirement Programs

One of the allowable uses of the Firefighters' Relief Fund (FRF) locally (G.S. 58-84-35 (5)) is a supplemental retirement program. A supplemental retirement program is defined as a small monthly or annual benefit provided to eligible retirees that supplements their retirement or pension benefits. These vary from \$40 per month to \$120 per month, and are defined by the Local Relief Fund Board (LRFB) in terms of years of service required, age of retirement, and monthly or annual amounts. It should be understood that these are not defined benefit programs, since continuation of the supplemental monthly or annual amounts are dependent upon available funds within the local relief fund continuing to be available. Since these do not require member contributions, they are solely dependent upon the local relief fund balance being sufficient to provide benefits.



Prior to 1987, the only way to establish these programs was through legislation establishing local laws enabling the Local Relief Fund Board (LRFB) to maintain the program. In 1987 the General Assembly modified the law to allow creation of these supplemental retirement programs based on approval of the Executive Director of the North Carolina State Firefighters' Association (NCSFA). Approximately 40 local laws still exist for these supplemental retirement programs which are still legal and allowable. However, these supplemental retirement programs may now be established by the LRFB working with the NCSFA in calculating needs and disbursements. For LRFB's this is an excellent method to use the local relief fund money for the benefit of your members.



It is important to remember that in considering and requesting approval for a supplemental retirement program, the local relief fund (LRFB) must still maintain adequate funds for the original intent of the fund, and that is to provide for members injured or killed in the line of duty and safeguard members from financial loss. In considering approval of a supplemental retirement program, the basis for maintaining financial stability in the fund, according to the law, is to retain \$500 per eligible firefighter, or \$20,000, whichever is greatest, in the fund. In that regard, before the NCSFA can approve a supplemental retirement program, the LRFB must show that after fulfilling the needs of the supplemental retirement program, the fund would still maintain financial stability as described above.

Calculating Needed Funding

In considering a local supplemental retirement fund, the basic formula for estimating how much you need and how much you can provide is as follows:

$$C + I = B + E$$

C = the amount of annual allotment received from the State and any additional fund income such as city or county allocations

I = the interest or earnings on the fund annually that add to the balance

B = the benefit amount you would be able to pay given the contributions and investments

E = the expenses the fund may incur other than benefits

Solving for **B** allows you to determine a practical benefit level, and solving for **C** allows you to determine how much to allocate from your annual allocation or fund each year to a supplemental retirement program.

Approval Process

In seeking approval for a Supplemental Retirement Program not granted by local law, the Local Relief Fund Board (LRFB) must submit a request in writing to the NCSFA on a form approved by the NCSFA. This request must be approved by the LRFB and describe the requested program in detail. LRFB's are not allowed to provide supplemental retirement amounts until approved by the NCSFA, unless approval has been granted through local legislation. Information required for analysis by the NCSFA should include a letter of approval by the LRFB, and contain a minimum of the following information:

- Who will be eligible for the supplemental retirement and at what age?



- What are the eligibility requirements in terms of years of service?
- Does the years of service require they be earned at the Department, or will years transferred from other departments grant credit?
- How many retirees are projected to be eligible at any given time? This will be a projection, but should be based on the number and age of current members.
- What amount will be provided as a benefit to retirees each year?
- Is this amount fixed, or will it vary based on total years of service?
- Will the annual income the fund receives be adequate to continue the supplemental program? If not, what are the anticipated needs in annual earnings required to continue? (see Establishing a Reserved Supplemental Retirement Account below)
- Will a \$500 balance per member be maintained after paying supplements each year?
- Has the department projected retirement into the foreseeable future and does the projections indicate adequate income to continue the program?

After discussion and review of the requested supplemental program by the NCSFA, the LRFB should wait until receiving a letter of approval from NCSFA before announcing the program or paying benefits.

Establishing a Reserved Supplemental Retirement Account (SRA's)

In maintaining a supplemental retirement program, annual needs will often be dependent upon earnings rather than simply the annual allocation provided by the Department of Insurance. In this situation it is often necessary for the LRFB to reserve and allocate a certain amount to a fund to generate interest solely for the supplemental retirement program. This reserve may bring the LRFB into conflict with maintaining an amount below the legislated maximum.

In 2014 the General Assembly modified the General Statutes regulating the Firefighters' Relief Fund and established a maximum amount a local relief fund could retain in their fund balance and still get their annual payment from the Department of Insurance. If your relief fund exceeds this balance, for each year the balance is over the maximum, the annual check from DOI would be withheld each year and redistributed to other funds until such time as your balance dropped below the maximum. The maximum is defined as \$2,500 per member on the January 1st roster submitted to the NCSFA.

Maximum amount = Number of members on the roster X \$2,500

For example, if your roster submitted to NCSFA contained 75 names, then the maximum balance your local relief fund could have on hand at the time of the relief fund annual report would be \$187,500. If, when submitting your annual financial statement to NCSFA, your fund was over this amount, the Department of Insurance would withhold your check for the following year.

One exception to this maximum included in the new law is any amount designated or reserved for a supplemental retirement program. It was recognized that carrying a local supplemental retirement program into the future could require amounts in excess of \$2,500 per member to gain earnings necessary to continue to provide benefits, depending on the size of the supplement and anticipated retirees at any given time. This optional reserved amount would be designated a **Supplemental Retirement Account (SRA)** and the amount **must be authorized by the NCSFA**. The SRA amount is still reported on the annual statement, but the maximum amount calculation then becomes the amount in the local relief fund minus the amount reserved in the SRA approved by the NCSFA.

Total Relief Fund Balance (–) NCSFA approved SRA reserved amount = Maximum Amount



Using the example above, your roster contains 75 names but you have \$320,000 in your local relief fund balance. This exceeds the allowable maximum amount. You also have a supplemental retirement program (either through local law or approved by the NCSFA), and based on calculations of need into the future your LRFB has agreed it would necessary to reserve \$165,000 to continue to gain the earnings necessary to continue your program into the future. This amount has been reviewed and approved by the NCSFA, so when you submit your annual financial statement the NCSFA will subtract the approved SRA reserve from your balance ($\$320,000 - \$165,000 = \$155,000$), and this is the amount submitted to the Department of Insurance as the new defined maximum for your local relief fund. You would then be eligible to continue to receive your annual check. Since the remaining amount (\$155,000) exceeds the recommended minimum of \$500 per member on the roster, your relief fund meets both the allowable maximum and recommended minimum amount retained for basic relief fund uses.

NCSFA Requirements and Approval Guidelines for SRA's

As mentioned above, G.S. 58-84-33(d) allows for LRFB's to dedicate a portion of their fund solely for the use of supplemental retirement programs, and as such, these amounts would not count towards the maximum amount allowed. These amounts, however, must fall within guidelines established and approved by the NCSFA to meet statutory requirements. As such, a LRFB should request approval from NCSFA for an SRA before considering that amount exempt from the statutory maximum. The SRA funds remain a part of the total relief fund, but are reserved solely for use in a supplemental retirement program.



Guidelines for SRA Approval

In order for the NCSFA to approve an SRA, the following requirements must be met:

- The request and approval for a Supplemental Retirement Account (SRA) must be made and approved prior to annual financial reporting. The request must be submitted in writing on a form approved by the NCSFA and an approval issued in writing from the NCSFA.
- The LRFB must have a supplemental retirement program in place that is either approved by the NCSFA or granted by local legislation. SRA's can only be established for supplemental retirement programs.
- There must be a concern that the LFRF has or will exceed the maximum allowable relief fund balance within a year (\$2,500 times the number of personnel on the roster). If the LFRF is within one year's allocation of the maximum, for example, that is a valid concern.
- The approved SRA balance must be committed to the supplemental retirement program. Using the SRA monies for other uses will nullify the exemption from the allowable maximum.
- The balance of the SRA must reflect the needed earnings to support the Supplemental Retirement expenditures each year, when combined with the annual allocation from DOI. For example, if the department pays out an average of \$30,000 each year in supplemental retirement benefits, and the annual allotment from DOI is \$27,000, then the SRA amount should be set up to earn roughly the \$3,000 necessary to account for the difference. Percentages used to calculate earnings in the SRA should either be consistent with previous year's earnings or projected at reasonable market rates. Earnings are not an exact science and it is recognized that most will want to be conservative in their estimates.
- For LFRF supplemental retirement programs that simply pay total available dividends of earnings and annual allocations out to retirees, the SRA amount should be established based upon the amount the local relief fund balance exceeds the allowable maximum for the year in which it is set up. In this case, any growth requested in the SRA should be based upon additional retirees and the need to keep the annual benefits consistent.
- In requesting approval, projections should show that based upon expected usage, additional retirements, and anticipated earnings that the SRA amount requested will be necessary. Projections should be based upon 5 year estimates.
- The NCSFA recognizes that some funds will be larger than projections due to existing balances, but it is expected upon approval that the SRA amount established versus usage will balance out over a 5 year period either by; a) increasing the retirement supplement; or b) reducing the amount held in the SRA.

- Since the non-SRA monies held within the relief fund account may be used to balance any variations or needs (they will be at or near maximum holding amounts), slight deficits can be met on an annual basis if earnings are not sufficient.
- SRA amounts must be reported annually on the financial report provided to the NCSFA, but upon approval, those amounts will not count toward the maximum of \$2,500 per member.

Supplemental retirement programs are an excellent use of your local relief fund money if your fund has ample fund levels. It is important to remember that use of the local relief fund for supplemental retirement should only be considered if the fund can maintain a minimum of \$500 per member in addition to the amount used for supplemental retirement payments. Since amounts can vary, many departments may choose to start small and grow their amounts as the fund grows.

SUMMARY

This pamphlet was designed to provide an overview of the requirements and capabilities of your local relief fund. Each area, however, may encourage additional questions. For more information contact your Association staff at: 800-253-4733, Tim Bradley - tim@ncsfa.com, or Ed Brinson - ed@ncsfa.com.

LINKS

<http://www.ncga.state.nc.us/gascripts/Statutes/StatutesTOC.pl>

<http://www.ncsfa.com/>

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_58/Article_84.html

http://www.ncga.state.nc.us/EnactedLegislation/Statutes/HTML/ByArticle/Chapter_58/Article_85.html





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<http://www.NCSFA.com>
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