

Penflex Celebrates 20 Years in Business!

Fall 2010

New to the Penflex Family



Photo by Joe Sperber

Manhasset-Lakeville Fire District

Monroe Joint Fire District

Eggertsville Fire District

Village of Haverstraw

Aurora-Colden Fire District #6

Did You Know?

In 2010 Penflex went social!

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www.twitter.com/penflexinc.

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<http://tinyurl.com/33ek855>



Penflex Celebrates 20 Years

Ed Holohan started Penflex, Inc. from an office in his home on January 1, 1990 and immediately began concentrating on learning more about Article 11-A of the New York State General Municipal Law. He soon realized that no one was fully explaining the choices available under Article 11-A to the New York State volunteer fire services or to New York State local government... *Continued on Page 2*

Consolidations Beware!

Over the last two years Penflex has been utilized in cases involving consolidations or creations of New York State political subdivisions that will provide fire protection services.

We have already learned from these cases that with regard to the effects on LOSAPs there is a lot more unknown about consolidations and creations than is known. Except in the cases of only a few consolidation scenarios, Article 11-A is very incomplete with regard to what happens to existing LOSAPs when political subdivisions merge or new political subdivisions are created to provide fire protection services... *Continued on Page 2*

In This Issue

- New Volunteer Departments Join Penflex (left)!
- Consolidators Beware! News and Tips on this Complex Transition
- Action Alert: Call Congress Today!

Penflex Celebrates 20 Years Cont...from page 1

So, Ed began Penflex by offering consulting services for New York State Service Award Programs established under Article 11-A. For the past twenty years Ed and the Penflex staff have continued what he started in 1990: advising clients and providing the needed administrative and actuarial services for successful Service Award Programs. Penflex now provides these professional services for clients nationally and has been retained by entire states and statewide firefighter organizations. Ed Holohan has also been involved in drafting Length of Service Award Program (LOSAP) legislation and regulations at both the state and federal government level.

Our staff has grown from one employee in 1990 to ten employees in 2010. Our business philosophy over the past twenty years has been a constant and our commitment to provide the highest quality and most comprehensive services has not, and will not, change.

The trust that our clients have placed in us from the start continues to drive everyone at Penflex to always search for better ways to serve our clients. During 2010, we are celebrating twenty years of servicing our clients by recognizing more than ever how much we value that trust and commit to never take it for granted.

Finally, we expect our twenty-year milestone to be the first of many milestones for Penflex because, in addition to looking for ways to better service our clients, we will also be expanding the scope of our services to provide other innovative and cost effective solutions to assist our clients in recruiting and retaining active volunteer firefighter and emergency services personnel.

Consolidations Beware! Cont...from page 1

Moreover, even in simpler cases, such as the creation of a fire district to replace a single Village Fire Department, Article 11-A must be referenced together with New York State Town and Village Law. In even these seemingly simple cases, there are more unanswered questions (and misconceptions) about what happens to existing LOSAPs that are not transferred to the newly created political subdivision.

This same observation also applies to an existing fire district that enlarges its borders and has absorbed other fire companies into their fire district. The answer to the question, "What happens to the LOSAP sponsored by the fire district (or fire protection district) which no longer exists?" is complex and **not without financial consequences to the dissolved fire district.**

Based on our first hand experience, and having worked with knowledgeable attorneys on these consolidations or mergers, we strongly advise any of our clients who are considering consolidations or mergers to contact us for guidance (Ed Holohan will publish an article on this subject this coming winter).



Proposed LOSAP Amendment—Call Congress!

HR1792 in the House of Representatives and S3319 in the Senate are the proposed amendments to federal laws that are intended to eliminate or fix some significant problems associated with the application of the federal laws to Service Award Programs.

By far, the best-known problem in New York State is that the application of the IRC to service award programs creates bizarre tax problems for volunteer firefighters and local government sponsors in §30 defined benefit plans. There are a number of other equally important problems with the current application of the law which are not as well known. For example, participating volunteers who take lump sum distributions from defined contribution plans cannot, under the current version of the IRC, rollover their lump sum distributions and defer paying income taxes.



Dave Finger, the National Volunteer Fire Council's Director of Government Relations, in a recent e-mail to Ed Holohan, revealed that the bill does not have an obvious legislative vehicle (legislation dealing with similar issues that is likely to be enacted to which our bill could be attached). Every volunteer firefighter organization and volunteer emergency service provider in New York State should contact their representatives in Congress to talk about trying to find a way to get the bill attached to legislation that will pass this year. According to Dave Finger, no one is opposing this bill (HR1792/S3319). So, contact your representatives immediately!

